

# PLACER COUNTY INDUSTRY STRUCTURE STUDY

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*Prepared for*

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Office of Economic Development**

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## **Funded by:**

**County of Placer  
Office of Economic Development**

## **Produced by:**

**Sacramento Regional Research Institute  
A Joint Venture of SACTO and Sacramento State**

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## Key Findings

- Across the board, over the past decade, Placer County has experienced stronger employment growth than the Sacramento Region and the state and projections show that this economic strength will continue throughout the next 10 years.
- Placer County currently contributes, and is expected to continue to supply, about 15 percent of all jobs in the Sacramento Region, a slightly larger share than its percentage of total population.
- The County's economy is dominated by four major sectors including Trade, Transportation & Utilities; Government; Construction; and Leisure & Hospitality—in the next 10 years, with the exception of Government, these four sectors will continue to play a major role in the County's economy and economic restructuring will increase the prominence of the Professional & Business Services sector.
- Base sectors comprise close to 19 percent of Placer County's total employment, while the remaining 81 percent of the County's employment is captured by local-serving sectors—over the past few years, the economic base has grown at a slower pace than the local-serving component of the economy.
- Professional, Scientific & Technical Services and Computer & Electronic Product Manufacturing are the County's largest base sectors while the largest local-serving sectors include Local Government and Health Care & Social Assistance.
- Based on overall economic performance, the Accommodation; Computer & Electronic Product Manufacturing; Federal Government; Merchant Wholesalers, Durable Goods; and Professional, Scientific & Technical Services show the greatest potential for economic development.
- Local-serving sectors that might uniquely respond to development in the economic base and continued demographic growth include Activities Related to Credit Intermediation; Building Equipment Contractors; Building Foundation & Exterior Contractors; Clothing & Clothing Accessories Stores; and General Merchandise Stores.
- The base sectors with the greatest potential for economic development and best-performing local-serving sectors primarily depend on the low-skilled component of the labor force with some base sectors tapping into the high-skilled portion of the workforce to fill their employment needs.
- Placer County offers a number of business key advantages including its healthy economy, rapid population growth, developed infrastructure, exceptional workforce, quality of life, and proximity to Beale Air Force Base.

# TABLE OF CONTENTS

	Page
KEY FINDINGS .....	iii
TABLE OF CONTENTS .....	iv
INTRODUCTION .....	1
HISTORICAL AND PROJECTED INDUSTRY TRENDS .....	3
CURRENT CONDITIONS .....	3
<i>Figure 1: Placer County 2004 Industry Composition .....</i>	<i>3</i>
<i>Figure 2: Sacramento Region 2004 Industry Composition .....</i>	<i>4</i>
<i>Figure 3: 2004 Industry Specialization .....</i>	<i>5</i>
<i>Figure 4: Placer County 2004 Share of Sacramento</i>	
<i>Region Employment .....</i>	<i>6</i>
TRENDS OVER THE PAST DECADE .....	7
<i>Figure 5: 1994 to 2004 Employment Growth .....</i>	<i>7</i>
<i>Figure 6: 1994 to 2004 Shift in Industry Composition .....</i>	<i>8</i>
<i>Figure 7: 1994 to 2004 Change in Industry Specialization .....</i>	<i>9</i>
RECENT TRENDS .....	10
<i>Figure 8: 1999 to 2004 Employment Growth .....</i>	<i>10</i>
<i>Figure 9: 1999 to 2004 Shift in Industry Composition .....</i>	<i>11</i>
<i>Figure 10: 1999 to 2004 Change in Industry Specialization .....</i>	<i>12</i>
SHORT-TERM PROJECTIONS .....	13
<i>Figure 11: 2004 to 2009 Employment Growth Projections .....</i>	<i>13</i>
<i>Figure 12: 2004 to 2009 Shift in Industry Composition</i>	
<i>Projections .....</i>	<i>14</i>
<i>Figure 13: 2004 to 2009 Change in Industry Specialization</i>	
<i>Projections .....</i>	<i>15</i>
THE NEXT DECADE .....	16
<i>Figure 14: 2004 to 2014 Employment Growth Projections .....</i>	<i>16</i>
<i>Figure 15: Placer County 2014 Share of Sacramento Region</i>	
<i>Employment .....</i>	<i>17</i>
<i>Figure 16: 2004 to 2014 Shift in Industry Composition</i>	
<i>Projections .....</i>	<i>18</i>
<i>Figure 17: 2004 to 2014 Change in Industry Specialization</i>	
<i>Projections .....</i>	<i>19</i>
<i>Figure 18: 2014 Industry Specialization .....</i>	<i>20</i>
ECONOMIC BASE AND INDUSTRY PERFORMANCE .....	21
BASE AND LOCAL-SERVING INDUSTRY SECTORS .....	22
<i>Figure 19: Placer County Base and Local-Serving Sectors</i>	
<i>Employment, Composition, and Specialization .....</i>	<i>22</i>
<i>Figure 20: Placer County Base and Local-Serving Sectors</i>	
<i>Growth, Shift in Composition, and Change in Specialization ..</i>	<i>24</i>
INDUSTRY PERFORMANCE .....	25
<i>Figure 21: Placer County Base Sectors' Performance .....</i>	<i>26</i>
<i>Figure 22: Placer County Local-Serving Sectors' Performance ...</i>	<i>27</i>
<i>Figure 23: Base Sectors with Greatest Economic Development</i>	
<i>Potential and Best-Performing Local-Serving Sectors .....</i>	<i>30</i>
WORKFORCE CONSIDERATIONS .....	31
<i>Figure 24: Training Level Composition for Occupations within</i>	
<i>Base Sectors with Greatest Economic Development Potential</i>	<i>31</i>
<i>Figure 25: Training Level Composition for Occupations within</i>	
<i>the Best-Performing Local-Serving Sectors .....</i>	<i>33</i>

TABLE OF CONTENTS
-------------------

BUSINESS ADVANTAGES .....	34
EMPLOYER VIEWPOINTS .....	34
GENERAL ADVANTAGES .....	35
CONCLUSION .....	38
APPENDIX .....	A-1

## Introduction

Understanding the various factors of an area's industry structure is essential for businesses, organizations, economic development agencies, workforce development groups, and other parties concerned with the well-being of their local economy and in planning for their local economy's future. An analysis of an area's historical, current, and projected composition, employment growth, and specialization can provide insight into how a local economy has changed, what trends it's projected to follow, and where its strengths lie. An area may offer locational advantages that attract export-driven industries, while some industries solely serve the local market and develop in response to changes in an area's population. A further examination of both of these types of industries show which sectors are expected to have the greatest potential and will respond best to economic development efforts. This knowledge is essential in guiding a local economy to meet its potential and preparing its workforce to meet the demands of the leading sectors and is extremely beneficial to areas that have undergone great levels of change in their population and industrial make-up.

Placer County has experienced high population and employment growth over the recent years and has developed into an important economic component of the six-county Sacramento Region (El Dorado, Placer, Sacramento, Sutter, Yolo, and Yuba Counties). In order to gain a greater understanding of its current and potential future industry structure, Placer County's Office of Economic Development engaged the Sacramento Regional Research Institute to complete an economic analysis of Placer County that will help focus efforts at fostering economic growth and position themselves within the Sacramento Region and the state. The primary goals of the study include comparing components of the County's industry, such as current and projected employment growth, industry composition, and specialization with the Region and the state; analyzing factors of the County's base sectors that will react well to economic development efforts and local-serving industries that are expected to show the best performance within the County; assessing the occupations and training levels that are required within these sectors; identifying Placer County's business advantages; and providing a listing of current major employers within the most promising sectors. At the specific request of the Placer County Office of Economic Development, economic aspects of Beale Air Force Base have also been incorporated into Placer County's data in this analysis due to its close proximity to Placer County and impacts on the County's economy.

This report is presented in three main sections. The first section provides an overview of Placer County's economic structure including historical and projected trends of its major industry sectors in comparison to the Sacramento Region and California. The second section categorizes the County's sectors into base and local-serving and provides further details of each. From this analysis, an index ranking shows which base and local-serving sectors are the best-performing and offer the greatest potential for economic development. From these best-performing sectors, a discussion of the education and training levels of occupations within those industries is also included in the second section to provide insight into the workforce demands these industries will require. Finally, the third section highlights the County's key advantages based on interviews

## INTRODUCTION

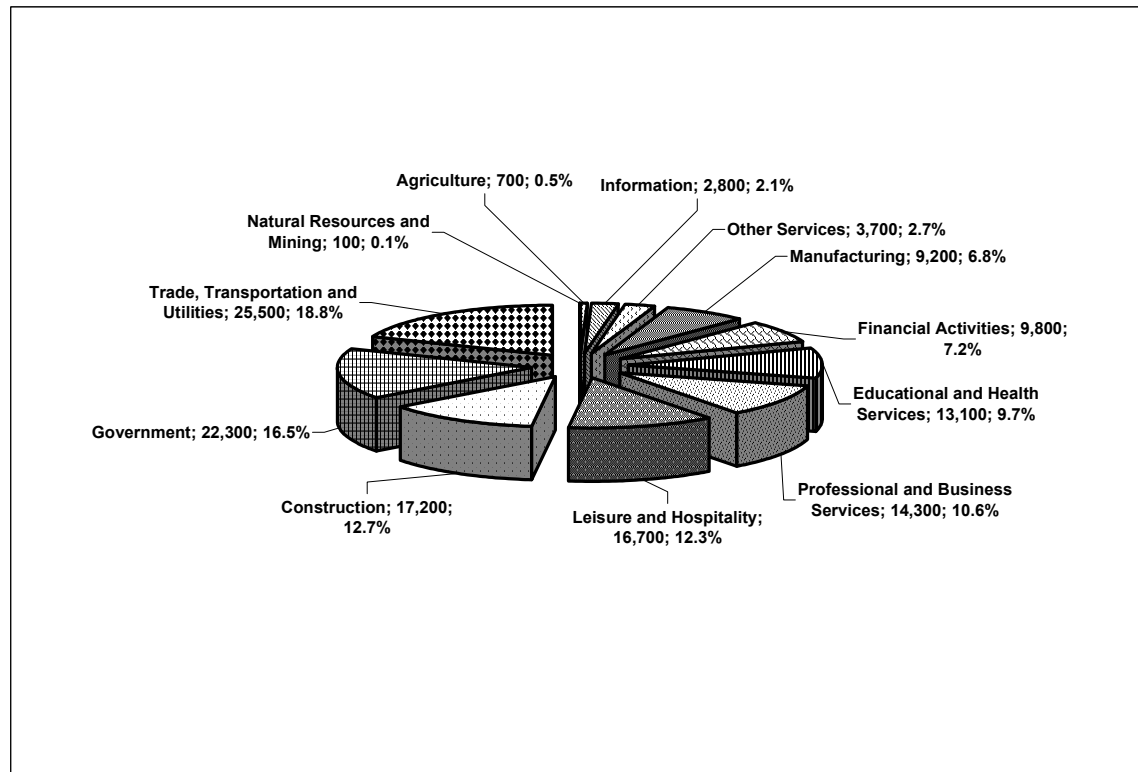
with employers and reviews of County-specific economic development information. In addition to these three main sections, a concluding section highlighting the main implications of the report and an appendix listing the current major employers of the five base sectors with the greatest economic development potential and five best-performing local-serving industries are included at the end of the report.

## Historical and Projected Industry Trends

How has Placer County's economy changed and where is it going? Placer County's economic structure reflects the fact that the County has seen some of the nation's highest population and employment growth rates over the past few years, it is an integral part of the larger Sacramento Region, and it offers a wide range of locational advantages. These conditions have created a large labor force and consumer base and a healthy level of business location and expansion activity. Businesses in Placer County now employ over 135,000 people and make an important contribution to the Sacramento Region's economy. Noting this, it is important to understand how industry sectors have responded to the changing conditions and what unique patterns Placer County has presented compared to the Sacramento Region and the state overall. This section will examine and compare Placer County's current economic structure, trends over the past decade, and projections for the next decade using industry employment in major sectors as an indicator of economic activity.

### Current Conditions

FIGURE 1  
PLACER COUNTY 2004 INDUSTRY COMPOSITION



Sacramento Regional Research Institute, February 2006

Data Source: California Employment Development Department, Annual Average Employment by Industry Data

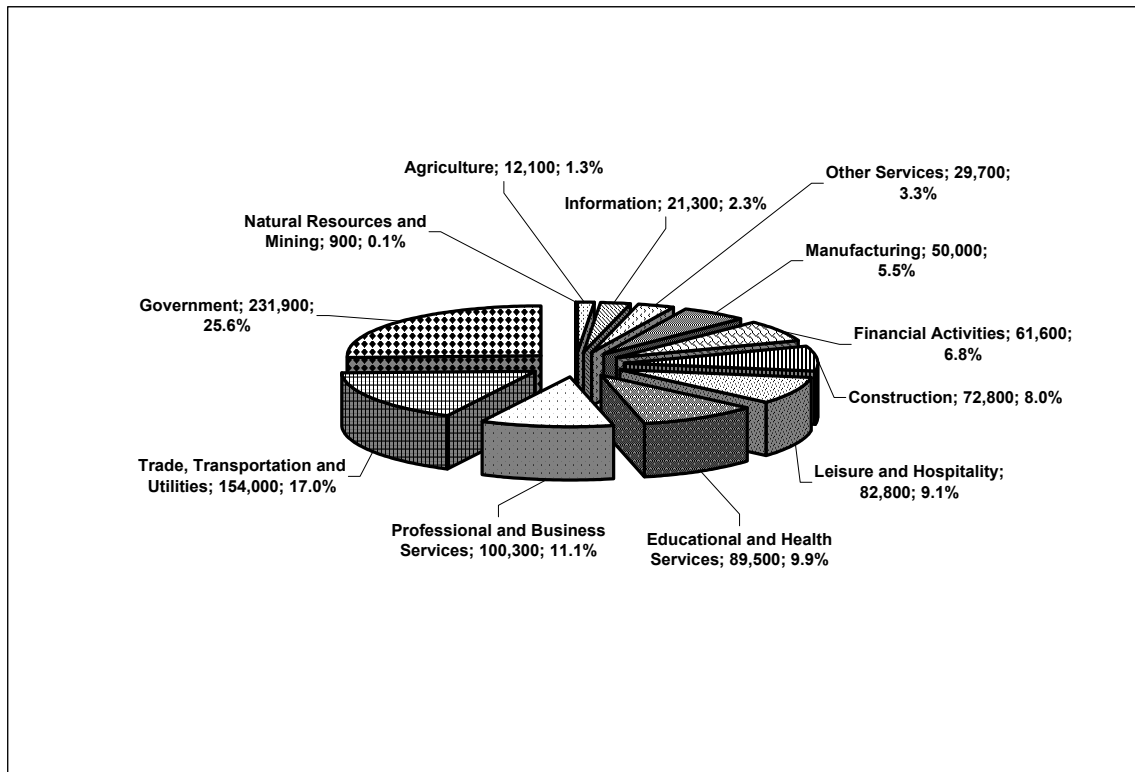
Note: Government sector includes estimates of Beale Air Force Base employment.



## HISTORICAL AND PROJECTED INDUSTRY TRENDS

As shown in Figure 1, Placer County's economy is dominated by four major sectors—Trade, Transportation & Utilities; Government; Construction; and Leisure & Hospitality. Together, these four sectors support nearly 82,000 jobs, which accounts for over 60 percent of the County's employment. With about 25,500 jobs, Trade, Transportation & Utilities is Placer County's largest industry sector, comprising close to 19 percent of the total employment. The Professional & Business Services; Educational & Health Services; Financial Activities; and Manufacturing sectors are also notable contributors to the County's economy, each encompassing between approximately 7 and 11 percent of all jobs. Placer County's smallest sectors, Natural Resources & Mining and Agriculture, account for less than one percent of the total employment and provide only 800 jobs combined.

FIGURE 2  
SACRAMENTO REGION 2004 INDUSTRY COMPOSITION



Sacramento Regional Research Institute, February 2006

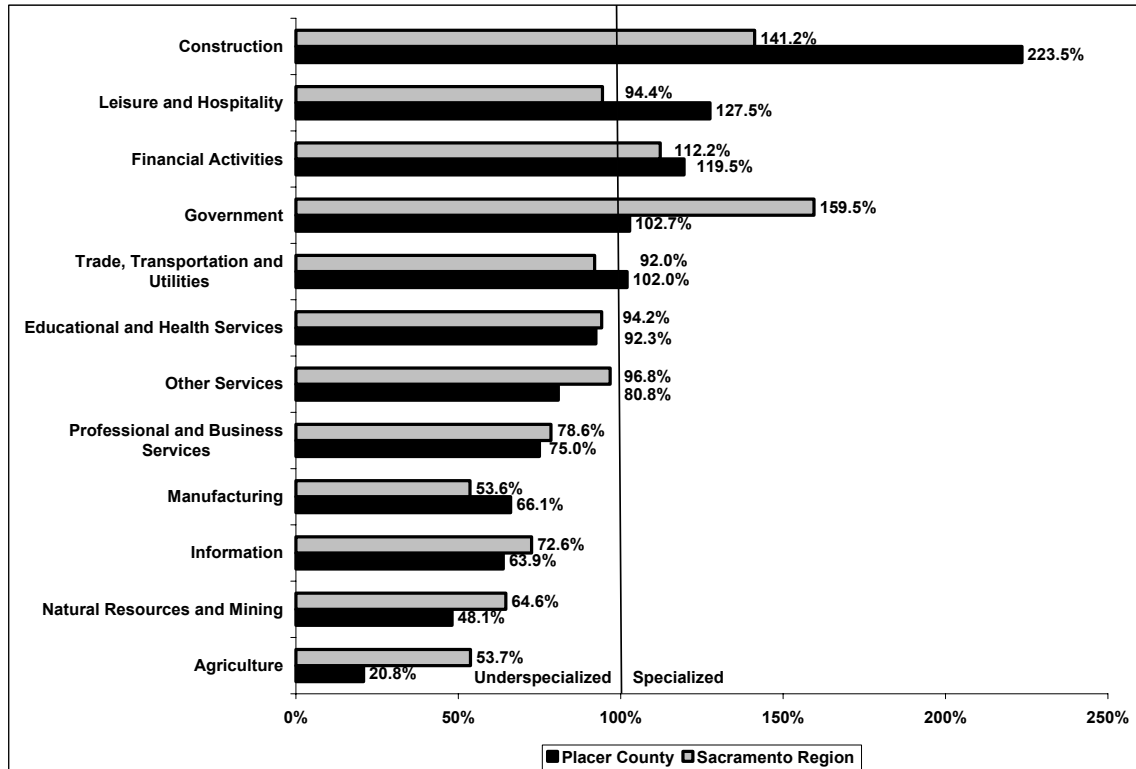
Data Source: California Employment Development Department, Annual Average Employment by Industry Data

A comparison of Figures 1 and 2 illustrates that two of the same sectors fall at the top of the list in the Sacramento Region as in Placer County—Government and Trade, Transportation & Utilities. However, the Government sector's dominance in the Sacramento Region places it at the top of the list, supporting nearly 26 percent of all the jobs in the Region, which is a notably larger share than in Placer County. In addition to Trade, Transportation & Utilities, three sectors account for a larger proportion of total employment in Placer County compared to the Sacramento Region including Construction; Leisure & Hospitality; and Manufacturing. This illustrates that Placer

## HISTORICAL AND PROJECTED INDUSTRY TRENDS

County is uniquely concentrated in these industry sectors within the larger economic region. Besides Government, only the Agriculture sectors contain a greater proportion of total employment in the Sacramento Region compared to Placer County. Industry composition is similar between the County and the Region for every other major sector.

**FIGURE 3**  
**2004 INDUSTRY SPECIALIZATION**



Sacramento Regional Research Institute, February 2006

Data Source: California Employment Development Department, Annual Average Employment by Industry Data

Notes: Placer County Government sector includes estimates of Beale Air Force Base employment.

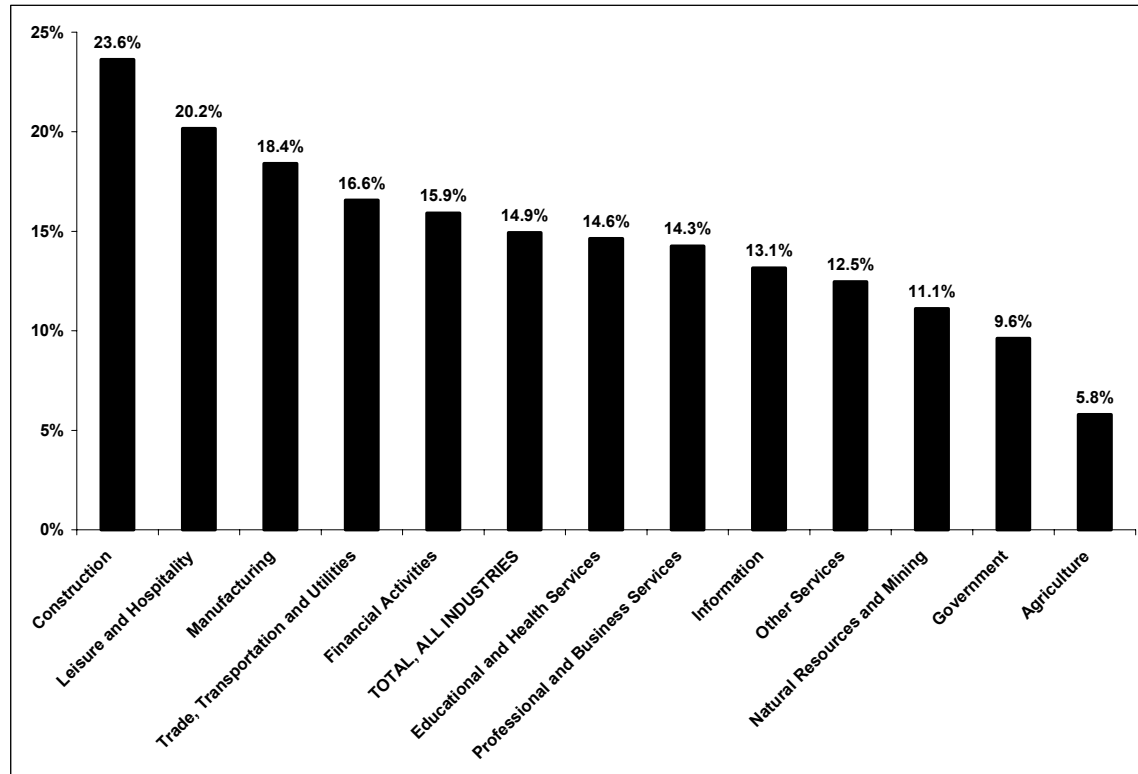
Specialization reflects a comparison of the proportion of total employment in Placer County and the Sacramento Region compared to the statewide average.

Specialization, as shown in Figure 3, compares the proportion of total employment in Placer County and the Sacramento Region compared to the statewide average—a measure over 100 percent indicates that the sector is specialized, while a level of specialization under 100 percent shows underspecialization. Specialized industries in a particular area usually point to current or historical locational advantages as well as activities geared toward export. Placer County's Construction; Leisure & Hospitality; Financial Activities; Government; and Trade, Transportation & Utilities sectors are all specialized, showing a greater concentration of employment than the statewide average. With the exception of Leisure & Hospitality and Trade, Transportation & Utilities, the Sacramento Region shows specialization in the same list of sectors. The Construction and Leisure & Hospitality sectors show the greatest level of specialization in Placer County, while Government and Construction are the most specialized sectors in the Sacramento Region. Five sectors are notably underspecialized in both Placer County and

## HISTORICAL AND PROJECTED INDUSTRY TRENDS

the Sacramento Region including Professional & Business Services; Manufacturing; Information; Natural Resources & Mining; and Agriculture. All of the sectors contain a greater proportion of employment at the statewide level compared to the County and the Region.

FIGURE 4  
PLACER COUNTY 2004 SHARE OF SACRAMENTO REGION EMPLOYMENT



Sacramento Regional Research Institute, February 2006

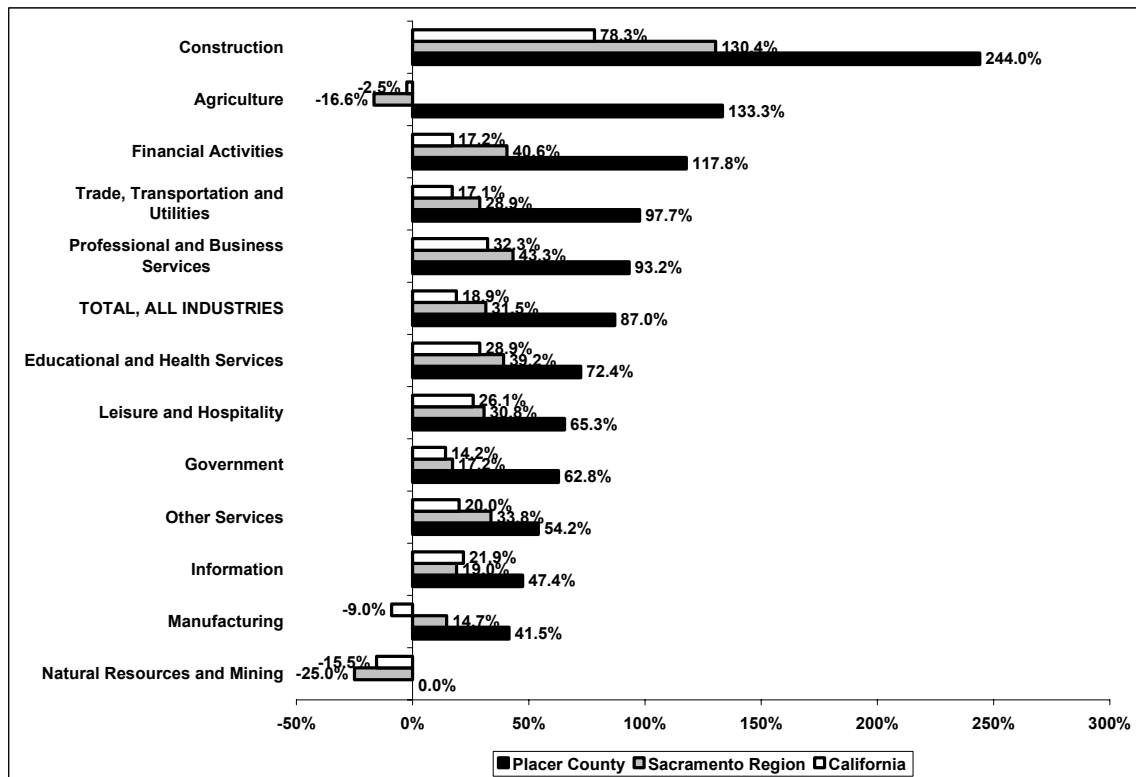
Data Source: California Employment Development Department, Annual Average Employment by Industry Data

Note: Government sector includes estimates of Beale Air Force Base employment.

As illustrated in Figure 4, Placer County contributes about 15 percent of all jobs in the Sacramento Region. This percentage is slightly larger than the County's proportion of the Region's total population (close to 14 percent), showing the important contribution the County makes to the regional economy. A few sectors make up a greater share of the Sacramento Region's employment compared to the County average (Total, All Industries in Figure 4), including Construction; Leisure & Hospitality; Manufacturing; Trade, Transportation & Utilities; and Financial Activities. Among this list, Placer County's Construction and Leisure & Hospitality sectors stand out since both account for over 20 percent of the Sacramento Region employment in these sectors. Two sectors are also notable in their limited contribution to the Region's total employment—both the Government and Agriculture sectors are considerably below the County average, each containing less than ten percent of the Region's jobs.

## Trends over the Past Decade

FIGURE 5  
1994 TO 2004 EMPLOYMENT GROWTH



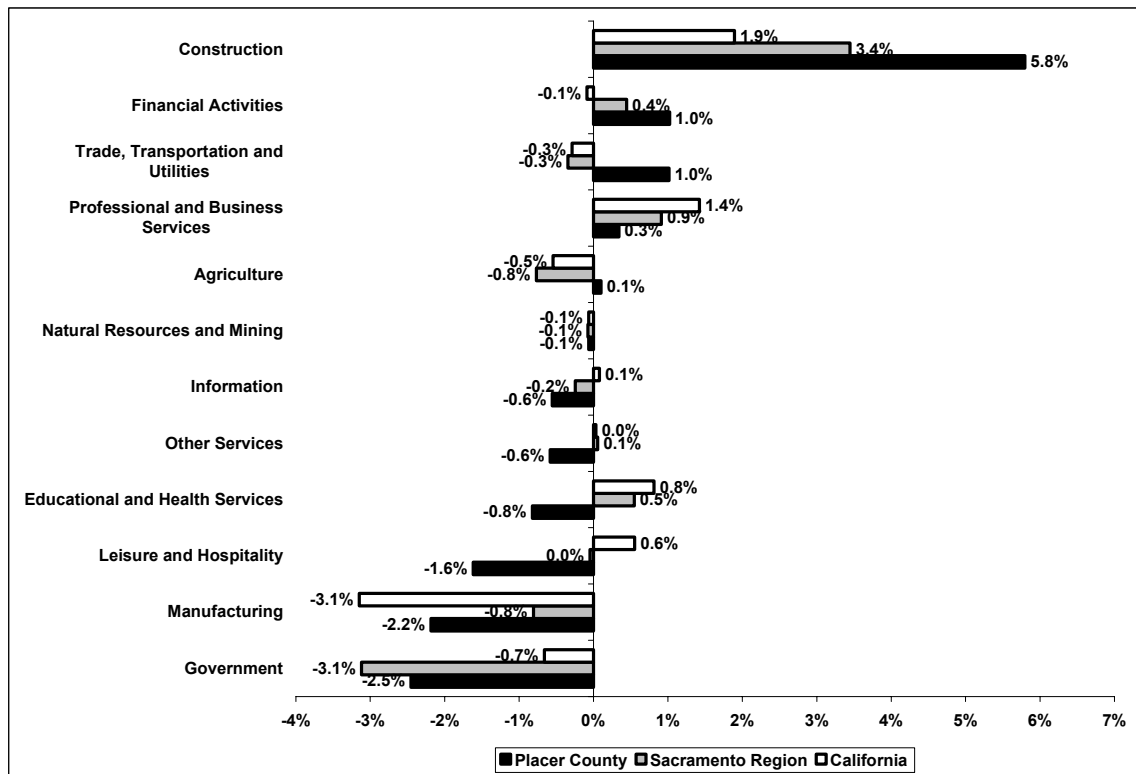
Sacramento Regional Research Institute, February 2006

Data Source: California Employment Development Department, Annual Average Employment by Industry Data

Note: Placer County Government sector includes estimates of Beale Air Force Base employment.

Across the board, over the past decade, Placer County has experienced stronger employment growth than the Sacramento Region and the state, as demonstrated in Figure 5. Jobs in the County increased by 87 percent between 1994 and 2004, reflecting a significantly higher growth rate than the Region's 32 percent and state's 19 percent over the same time period. During this time period, Placer County's share of the Sacramento Region's total employment increased by over 4 percentage points driven mainly by shifts in the Construction; Financial Activities; and Trade, Transportation & Utilities sectors. Construction was the fastest growing sector in the County, Region, and state over the past 10 years, but the County saw significantly higher growth with 244 percent more jobs in 2004 compared to 1994. Placer County's second fastest growing sector over the past decade, Agriculture, experienced declines in both the Region and state. In addition to Construction and Agriculture, three other sectors saw 10-year employment growth rates greater than the County average including Financial Activities; Trade, Transportation & Utilities; and Professional & Business Services. Only one of Placer County's major sectors experienced no growth in the past decade, Natural Resources & Mining. This same sector saw negative employment growth between 1994 and 2004 in the Region and state.

FIGURE 6  
1994 TO 2004 SHIFT IN INDUSTRY COMPOSITION



Sacramento Regional Research Institute, February 2006

Data Source: California Employment Development Department, Annual Average Employment by Industry Data

Note: Placer County Government sector includes estimates of Beale Air Force Base employment.

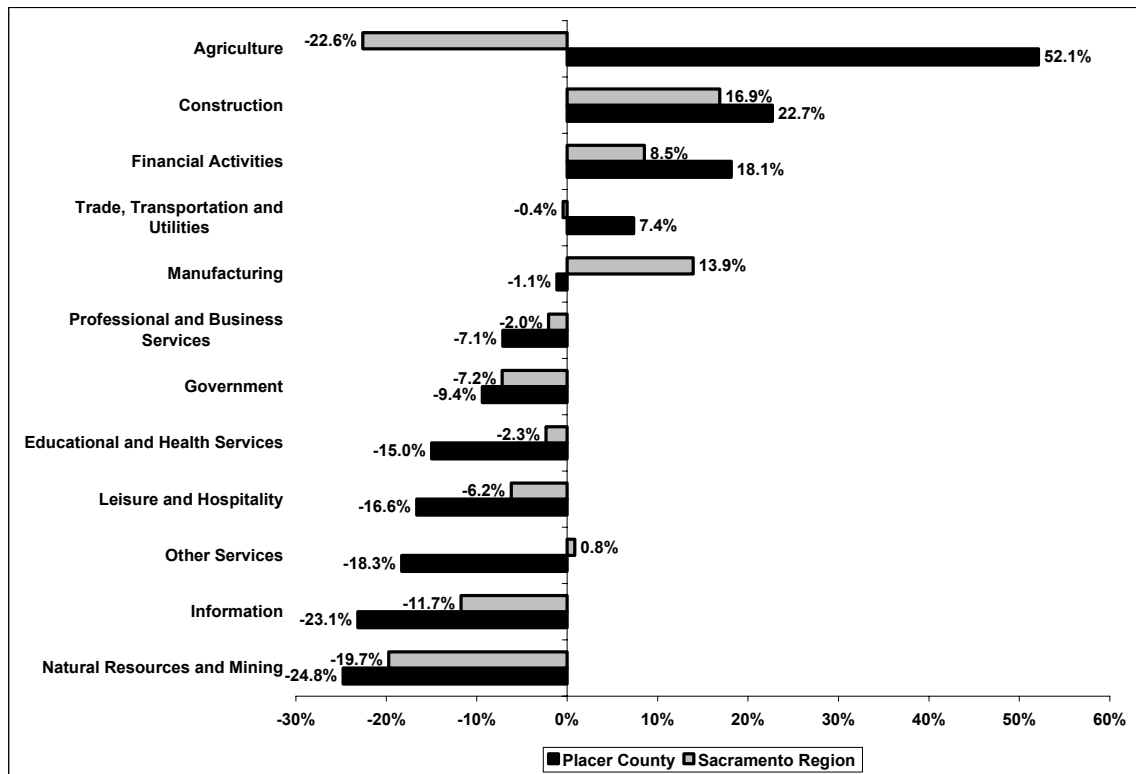
Figure 6 shows that Placer County's fastest growing sectors also became more concentrated over the past decade. With its tremendous growth from 1994 to 2004, the Construction sector's proportion of total employment in Placer County increased by close to 6 percentage points. The County's Financial Activities and Trade, Transportation & Utilities sectors both saw a 1 percentage point increase in concentration over the past decade. Three sectors experienced significant decreases in concentration, each with a negative shift in composition over 1.5 percentage points over the past 10 years—Leisure & Hospitality; Manufacturing; and Government.

Placer County's economic restructuring has demonstrated a slightly different pattern than the Sacramento Region and the state. The Financial Activities sector experienced an increase in concentration in Placer County and the Sacramento Region, but the proportion of total employment decreased at the statewide level. Both the Trade, Transportation & Utilities and Agriculture sectors saw a positive shift in composition in Placer County, while the Region and the state posted a decrease in concentration. Two sectors demonstrated a positive shift in composition in the state, but either remained the same or decreased in the proportion of total employment in the County and the Region—Information and Leisure & Hospitality. Additionally, the Other Services and Educational

## HISTORICAL AND PROJECTED INDUSTRY TRENDS

& Health Services sectors increased their proportion of total employment in the Region and the state, but posted a decline in composition in Placer County.

**FIGURE 7**  
**1994 TO 2004 CHANGE IN INDUSTRY SPECIALIZATION**



Sacramento Regional Research Institute, February 2006

Data Source: California Employment Development Department, Annual Average Employment by Industry Data

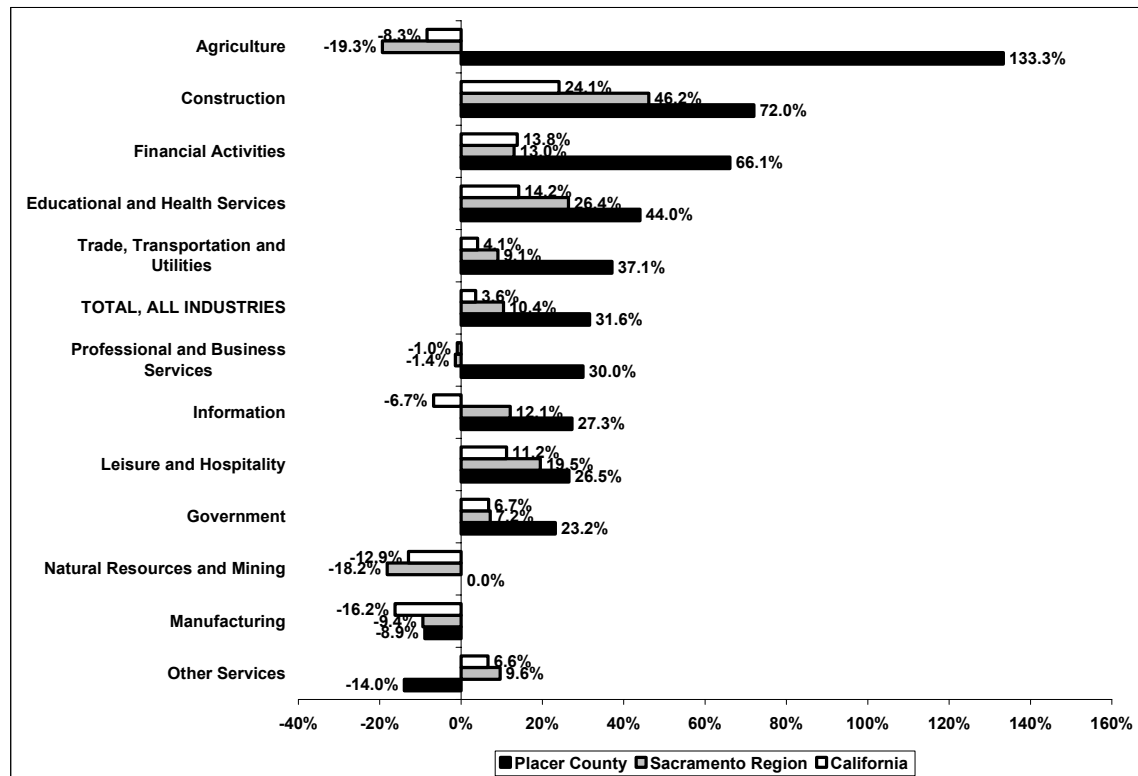
Notes: Placer County Government sector includes estimates of Beale Air Force Base employment.

Specialization reflects a comparison of the proportion of total employment in Placer County and the Sacramento Region compared to the statewide average.

Placer County and the Sacramento Region have shown a similar change in specialization trend over the past decade. As shown in Figure 7, with the exception of four major sectors, both the County and the Region have posted increasing and decreasing specialization in the same industries. Only Agriculture; Trade, Transportation & Utilities; Manufacturing; and Other Services displayed divergent trends between the County and the Region. Placer County experienced a considerable change in the degree of specialization in the Agriculture; Construction; and Financial Activities sectors between 1994 and 2004. By 2004, both the Construction and Financial Activities sectors showed a relatively high degree of specialization in the County, but Agriculture still displayed a substantial level of underspecialization. Two out of the other three specialized industries in Placer County decreased in specialization over the past ten years (Leisure & Hospitality and Government), while Trade, Transportation & Utilities posted a positive change (shifting from underspecialized in 1994 to specialized in 2004). Information and Natural Resources & Mining, underspecialized sectors in 2004, showed the greatest negative change in specialization over the past decade.

## Recent Trends

FIGURE 8  
1999 TO 2004 EMPLOYMENT GROWTH



Sacramento Regional Research Institute, February 2006

Data Source: California Employment Development Department, Annual Average Employment by Industry Data

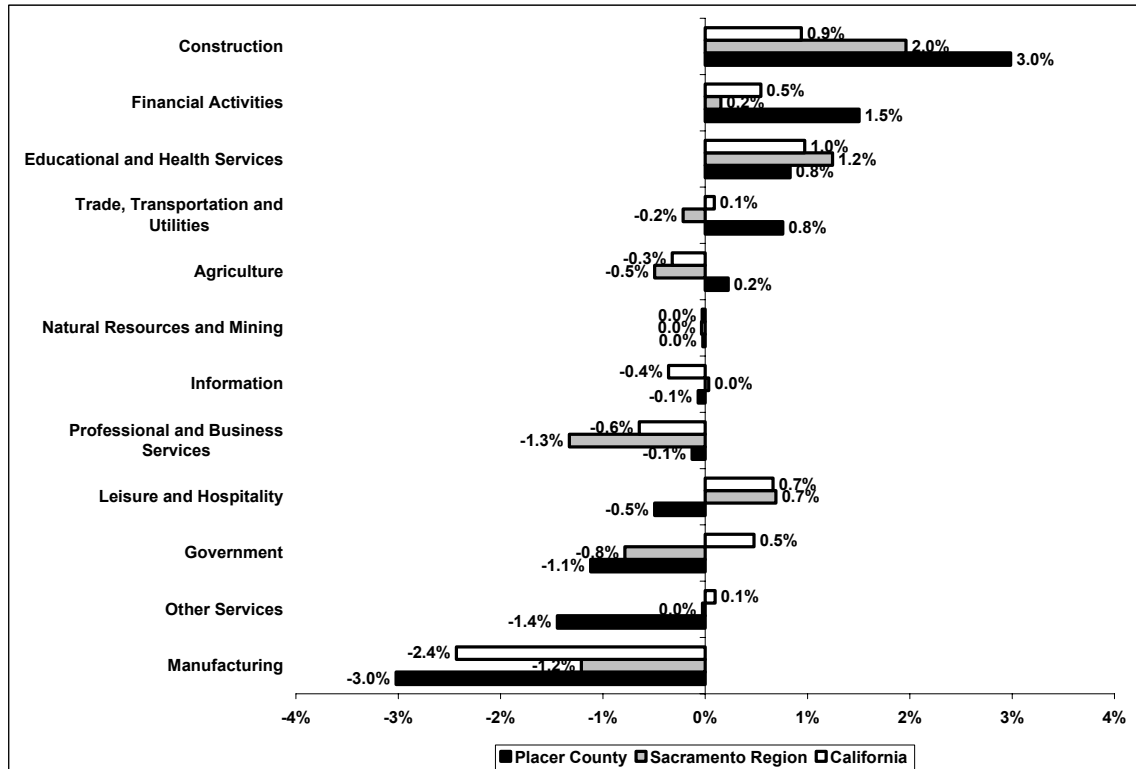
Note: Placer County Government sector includes estimates of Beale Air Force Base employment.

Similar to the decade-long trends shown in Figure 5, Placer County has generally seen stronger employment growth across its major sectors over the past five years compared to the Sacramento Region and the state, as illustrated in Figure 8. Between 1999 and 2004, jobs in Placer County increased by about 32 percent, which was a considerably larger increase than the 10 percent growth in the Region and 4 percent expansion in the state. Over this time period, Placer County's share of the Sacramento Region's total employment increased by over 2 percentage points mainly as a result of shifts in the Construction; Financial Activities; and Agriculture sectors. Although it is a relatively small sized sector, Agriculture posted the highest five-year employment growth rate in Placer County, followed by Construction and Financial Activities. Agriculture in the Region and the state continued to see recent job declines between 1999 and 2004 while the County has posted strong job growth. Unlike the 10-year trend, Educational & Health Services was the fourth fastest-growing sector in the County, moving up from sixth. Additionally, Placer County experienced employment increases in the Professional & Business Services and Information sectors, both of which saw job declines at the

## HISTORICAL AND PROJECTED INDUSTRY TRENDS

statewide level. Only the County's Manufacturing and Other Services sectors posted negative job growth over the past five years—while declines in Manufacturing were experienced across the Region and the state, Other Services saw positive growth in the two benchmark areas.

**FIGURE 9**  
**1999 TO 2004 SHIFT IN INDUSTRY COMPOSITION**



Sacramento Regional Research Institute, February 2006

Data Source: California Employment Development Department, Annual Average Employment by Industry Data

Note: Placer County Government sector includes estimates of Beale Air Force Base employment.

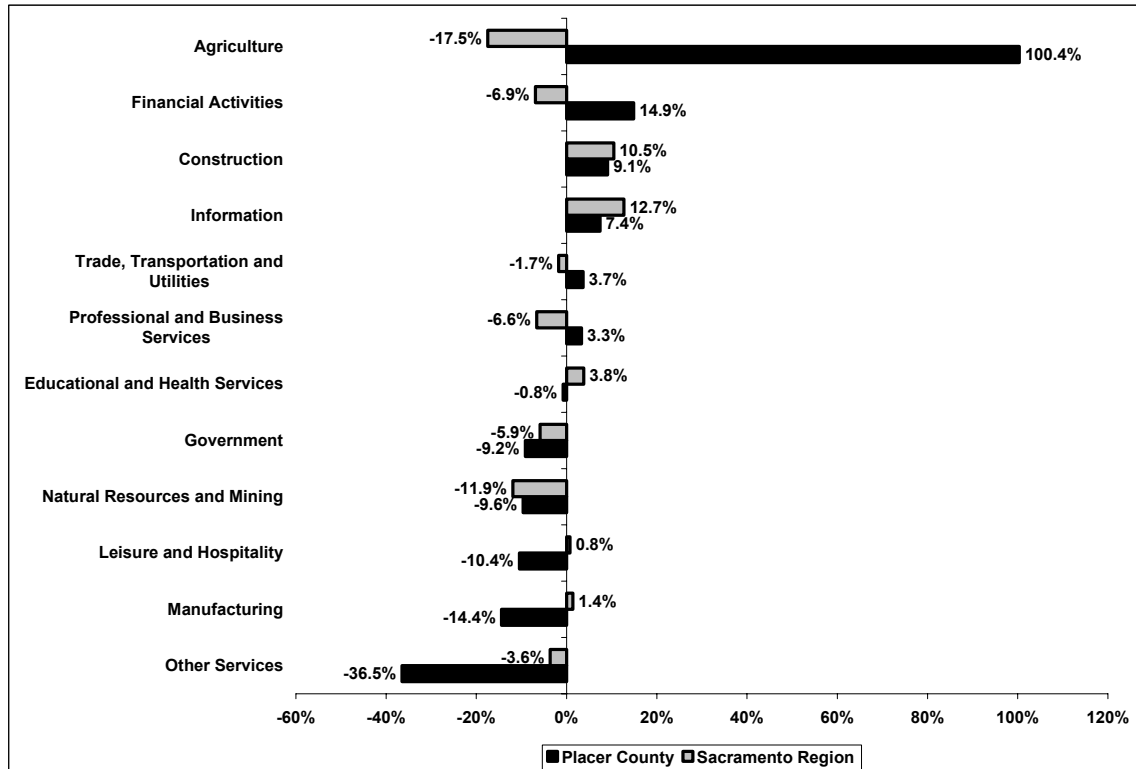
Healthy growth in Placer County's Construction and Financial Activities sectors generated large increases in the proportion of total employment between 1999 and 2004—as shown in Figure 9, Construction increased by 3 percentage points while Financial Activities gained 1.5 percentage points. With its relatively strong growth over the past five years, the Educational & Health Services sector gained close to 1 percent of the total employment in Placer County, marking a different trend than the 10-year period where this sector declined in proportion of total employment. Reflecting the decade-long pattern, the County's Leisure & Hospitality; Government; Other Services; and Manufacturing sectors all became notably less concentrated over the past five years. Economic restructuring in both Placer County and the Sacramento Region differed from the statewide trend in the Government and Other Services sectors, where concentration increased in the state and declined in the County and the Region. The County's shift in concentration also differed from the Region and the state in Agriculture (demonstrating an increase in the County and a decline in the state and the Region) and Leisure and



## HISTORICAL AND PROJECTED INDUSTRY TRENDS

Hospitality (with a negative shift in the County and positive in the state and the Region). Further, Placer County followed the statewide trend of increasing concentration in the Trade, Transportation & Utilities sector over the past five years, while the Region posted a decline in proportion of total employment.

FIGURE 10  
1999 TO 2004 CHANGE IN INDUSTRY SPECIALIZATION



Sacramento Regional Research Institute, February 2006

Data Source: California Employment Development Department, Annual Average Employment by Industry Data

Notes: Placer County Government sector includes estimates of Beale Air Force Base employment.

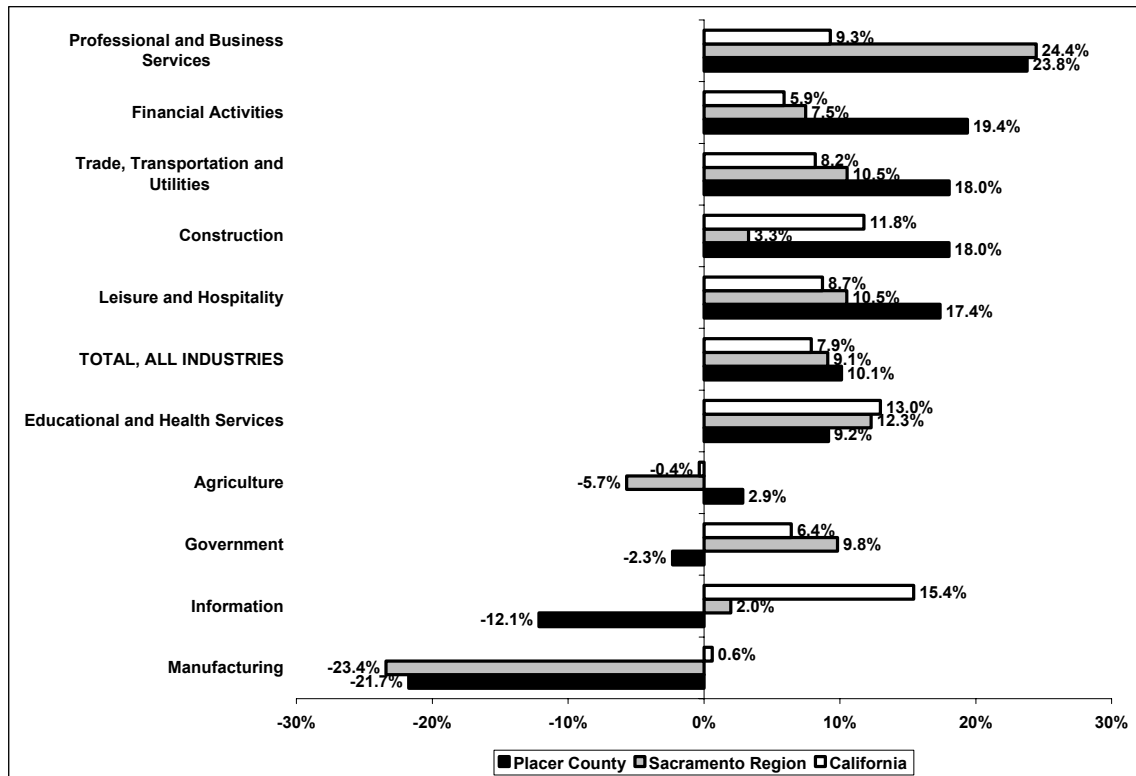
Specialization reflects a comparison of the proportion of total employment in Placer County and the Sacramento Region compared to the statewide average.

As displayed in Figure 10, the degree of specialization in Placer County's Agriculture; Financial Activities; Construction; and Information sectors showed a notable increase between 1999 and 2004. With the exception of Information, this same list of sectors topped the list of change in specialization over the last decade. In the recent five-year period, the County's Professional & Business Services sector showed a position change in specialization, while this sector posted a negative change between 1994 and 2004. All other sectors that saw a negative change in specialization over the past decade continued that trend over the past five years with Other Services and Manufacturing accelerating the decline in the most recent period. Despite the continuous decline in specialization, both Leisure & Hospitality and Government remained specialized in Placer County in 2004. Over half of the major sectors in Placer County showed a change in specialization pattern opposite of the Sacramento Region. Agriculture; Financial Activities; Trade, Transportation & Utilities; and Professional & Business Services all posted a negative

change in specialization in the Region, but showed a positive change in the County. Placer County's Educational & Health Services; Leisure & Hospitality; and Manufacturing sectors all experienced a decline in the degree of specialization, while the same sectors in the Region posted a positive change.

## Short-Term Projections

FIGURE 11  
2004 TO 2009 EMPLOYMENT GROWTH PROJECTIONS



Sacramento Regional Research Institute, February 2006

Data Source: California Department of Transportation, Long-Term Socio-Economic Forecasts by County

Notes: Placer County Government sector includes estimates of Beale Air Force Base employment.

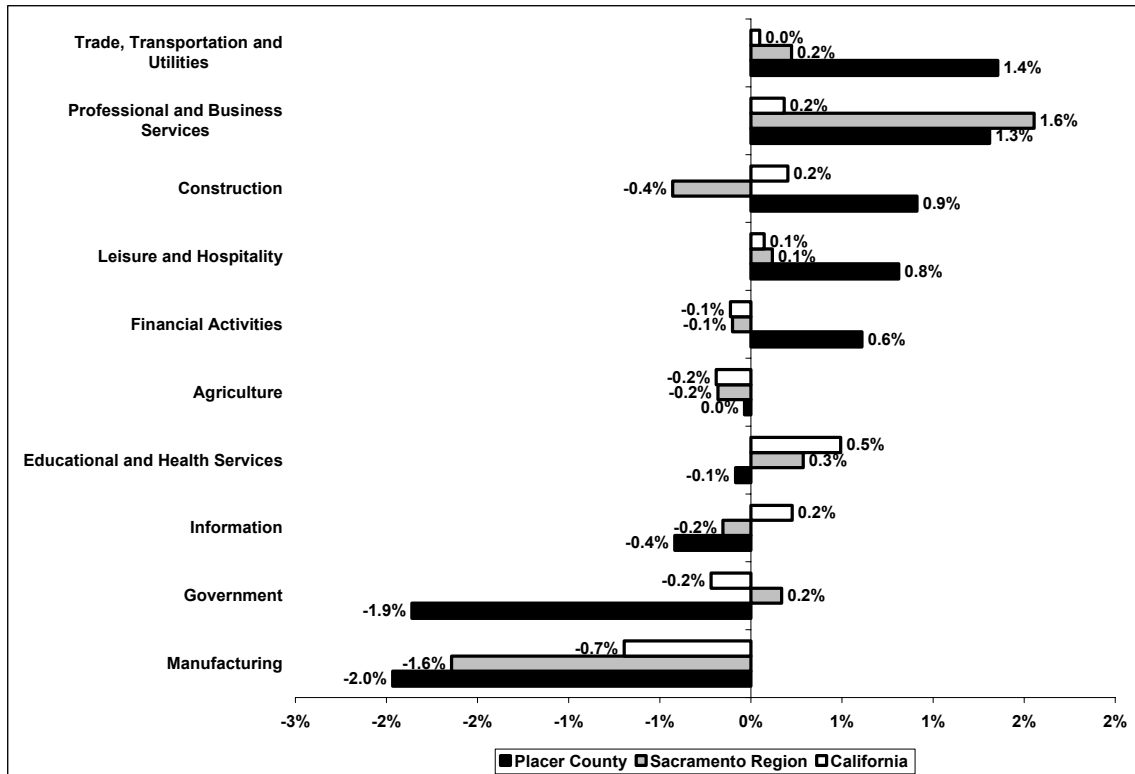
Projections do not include separate data for the Other Services and Natural Resources & Mining sectors.

In the next five years, the California Department of Transportation projects that the Professional & Business Services will be the fastest-growing sector in Placer County. As shown in Figure 11, both the Agriculture and Construction sectors (the fastest growing in the past five years) will place lower on the rank of employment growth. Financial Activities and Trade, Transportation & Utilities are both projected to continue their healthy growth in Placer County between 2004 and 2009. The County's Manufacturing sector is projected to continue its employment decline while Information and Government will shift from job gains to losses in the next five years (a different pattern than what is projected for the state and the Sacramento Region). According to the California Department of Transportation, the Manufacturing sector will add jobs at the

## HISTORICAL AND PROJECTED INDUSTRY TRENDS

statewide level over the next five years, but the County and the Region will see employment losses. While Placer County is projected to see job gains in the Agriculture sector by 2009, the state and the Region will continue to experience job losses. Overall, the County will continue to experience stronger growth than the Region and the state, with jobs projected to increase by 10 percent over the next five years. By 2009, Placer County will contain about 15 percent of the Sacramento Region's jobs with only a slight increase in proportion from 2004.

**FIGURE 12**  
**2004 TO 2009 SHIFT IN INDUSTRY COMPOSITION PROJECTIONS**



Sacramento Regional Research Institute, February 2006

Data Source: California Department of Transportation, Long-Term Socio-Economic Forecasts by County

Notes: Placer County Government sector includes estimates of Beale Air Force Base employment.

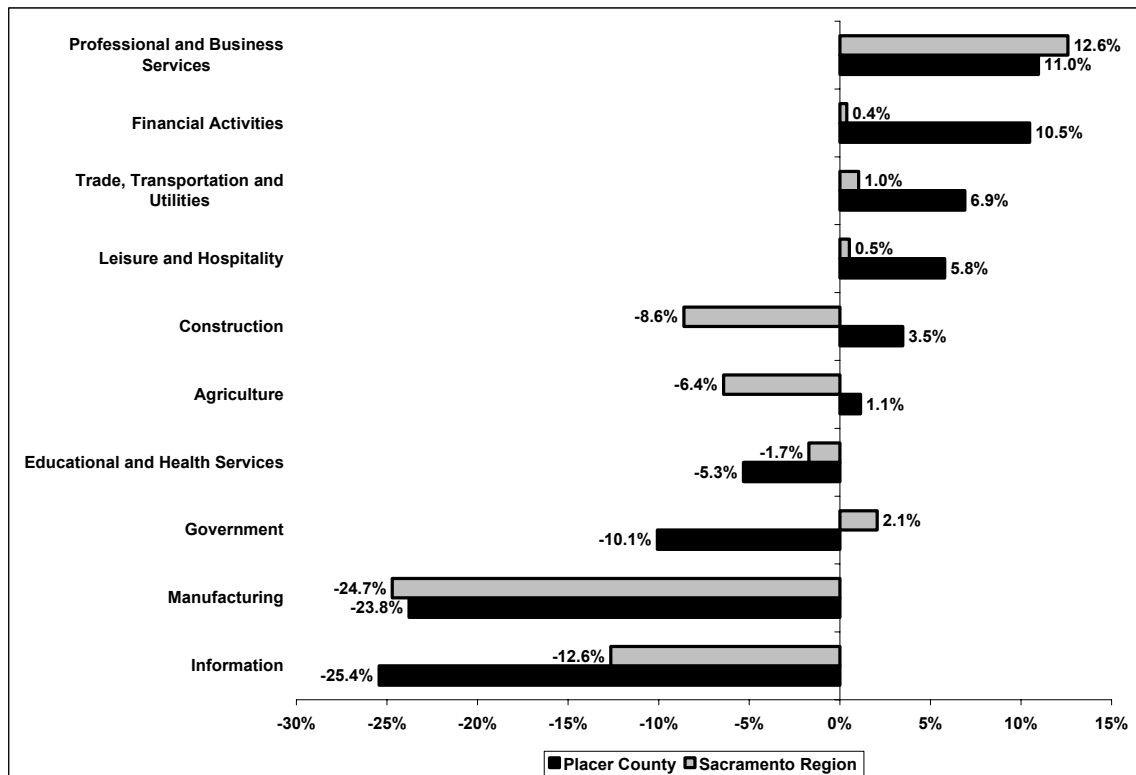
Projections do not include separate data for the Other Services and Natural Resources & Mining sectors.

Figure 12 shows that the Trade, Transportation & Utilities and Professional & Business Services sectors will become more concentrated in Placer County over the next five years, each gaining over 1 percentage point of total employment. Construction and Financial Activities will continue to increase their proportion of the County's total employment, but not to the same degree as the past five years. Unlike the past five years, the Leisure & Hospitality sector will see a positive, rather than negative, shift in composition (like the Professional & Business Services sector), while Educational & Health Services will change from a positive to a negative shift in composition. The California Department of Transportation projects that the Information; Government; and Manufacturing sectors will all continue to experience negative shifts in composition.

## HISTORICAL AND PROJECTED INDUSTRY TRENDS

Trends in the Sacramento Region's shift in composition will proceed in an opposite direction from Placer County and the state in the Construction and Government sectors while the state will show an opposite pattern from the Region and the County in the Information sector. Placer County will also experience a reverse pattern of shift in composition compared to the state and the Region in the Financial Activities and Educational & Health Services sectors.

**FIGURE 13**  
**2004 TO 2009 CHANGE IN INDUSTRY SPECIALIZATION PROJECTIONS**



Sacramento Regional Research Institute, February 2006

Data Source: California Department of Transportation, Long-Term Socio-Economic Forecasts by County

Notes: Placer County Government sector includes estimates of Beale Air Force Base employment.

Projections do not include separate data for the Other Services and Natural Resources & Mining sectors.

Specialization reflects a comparison of the proportion of total employment in Placer County and the Sacramento Region compared to the statewide average.

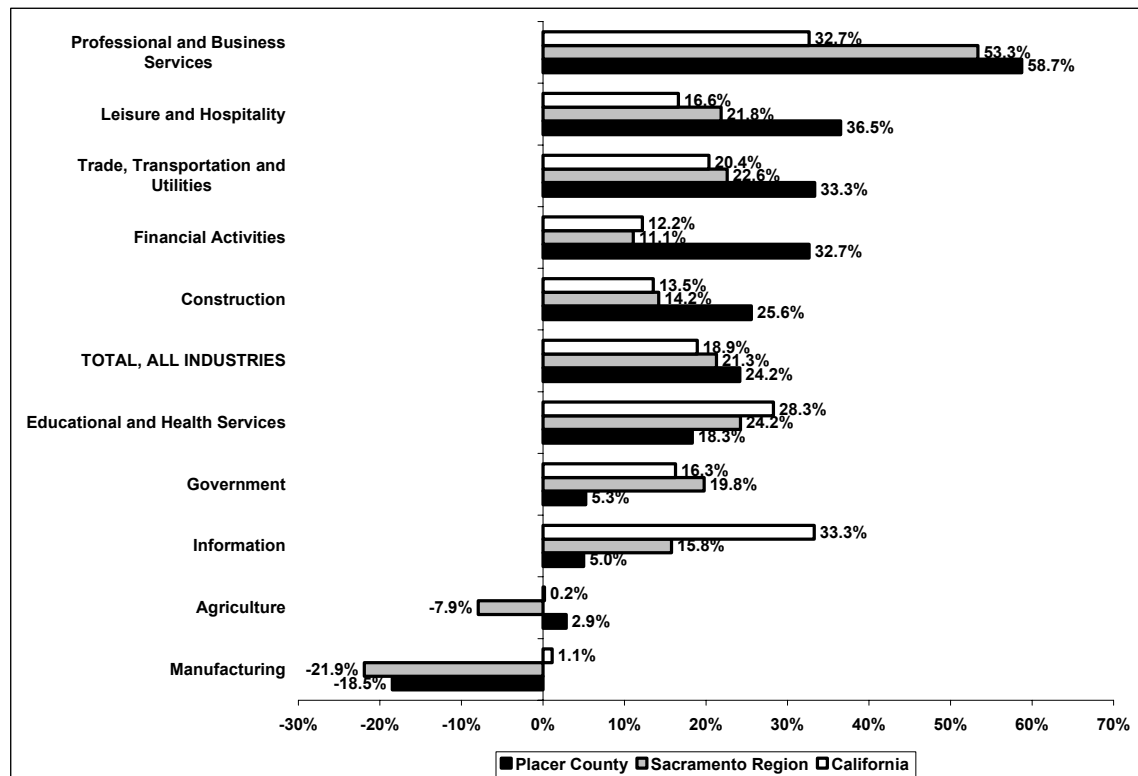
Along with strong growth and a positive shift in composition, the Professional & Business Services sector will become more specialized in Placer County with the highest projected change in specialization among the major sectors between 2004 and 2009. Figure 13 shows that in addition to Professional & Business Services, Financial Activities and Trade, Transportation & Utilities will also experience notable positive increases in specialization over the next five years. The projected five-year positive change in specialization for the Leisure & Hospitality sector varies significantly from the negative change in specialization in the historical five-year period. Information is projected to see the greatest decline in the degree of specialization by 2009, a switch from the positive change experienced in the past five years. In addition to Information, Placer County's

## HISTORICAL AND PROJECTED INDUSTRY TRENDS

Manufacturing; Government; and Educational & Health Services sectors will also see a negative change in the degree of specialization. The declines in Government's degree of specialization are projected to move it to a slightly underspecialized sector by 2009—all other specialized sectors in 2004 will remain specialized in 2009. Only three sectors are projected to present a different change in specialization trend in the County compared to the Sacramento Region, including Construction; Agriculture; and Government.

### The Next Decade

FIGURE 14  
2004 TO 2014 EMPLOYMENT GROWTH PROJECTIONS



Sacramento Regional Research Institute, February 2006

Data Source: California Department of Transportation, Long-Term Socio-Economic Forecasts by County

Notes: Placer County Government sector includes estimates of Beale Air Force Base employment.

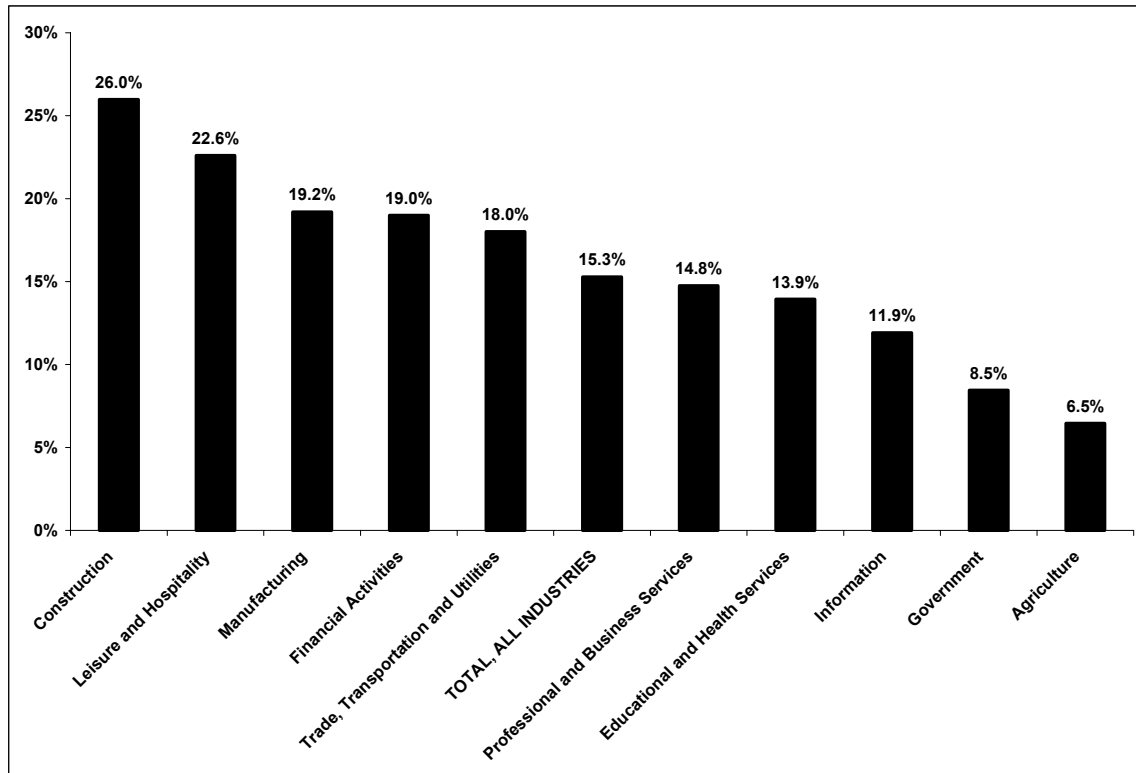
Projections do not include separate data for the Other Services and Natural Resources & Mining sectors.

California Department of Transportation projections, displayed in Figure 14, show that over the next decade, only Placer County's Manufacturing sector will experience negative employment growth. These projections demonstrate that Placer County's economic strength will continue into the next decade, with growth in total employment still surpassing both the Sacramento Region and the state. The County's fastest growing sectors are projected to include Professional & Business Services; Leisure & Hospitality; Trade, Transportation & Utilities; and Financial Activities, all with stronger growth rates than the Region and the state. Despite strong growth over the previous decade, Placer

## HISTORICAL AND PROJECTED INDUSTRY TRENDS

County's Construction and Agriculture sectors are projected to see less robust job growth between 2004 and 2014. The County will present similar job growth trends as the Sacramento Region and California in nearly all major sectors with the exception of Agriculture (the Region will see a decline while the County and the state will experience growth) and Manufacturing (the state will see job gains, but the County and the Region are expected to decline).

FIGURE 15  
PLACER COUNTY 2014 SHARE OF SACRAMENTO REGION EMPLOYMENT



Sacramento Regional Research Institute, February 2006

Data Source: California Department of Transportation, Long-Term Socio-Economic Forecasts by County

Notes: Placer County Government sector includes estimates of Beale Air Force Base employment.

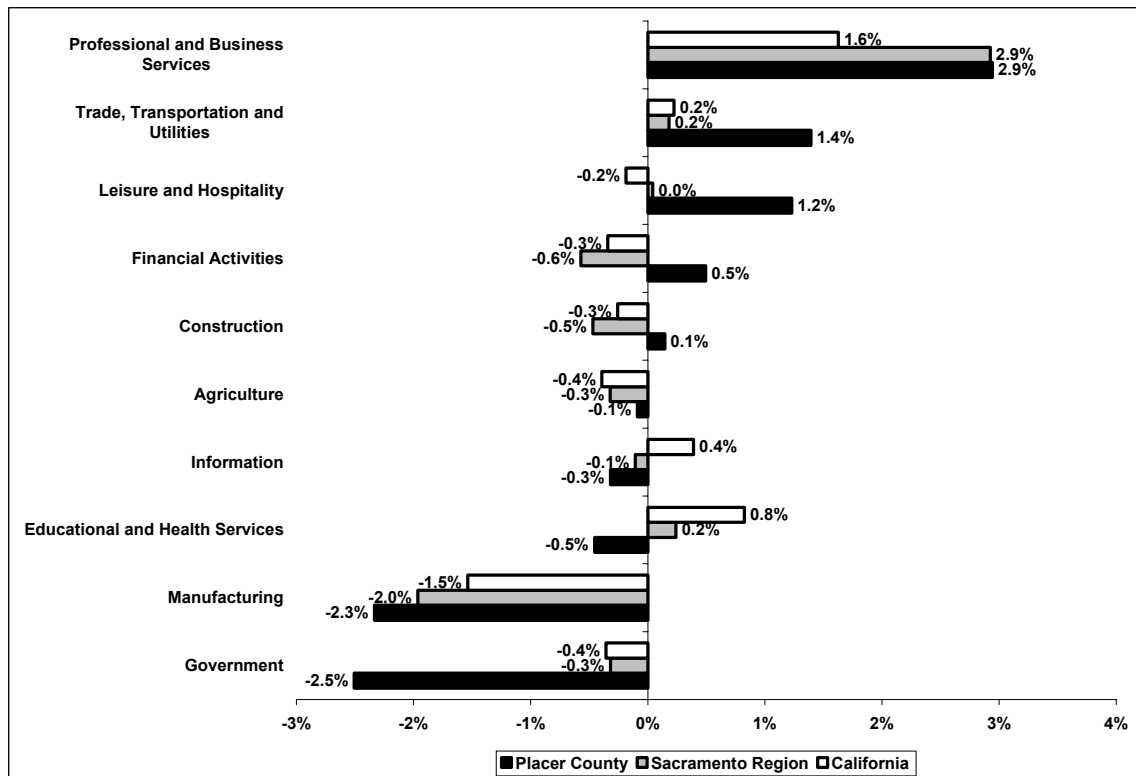
Projections do not include separate data for the Other Services and Natural Resources & Mining sectors.

As illustrated in Figure 15, by 2014, Placer County will contribute a little more than 15 percent of all jobs in the Sacramento Region, a gain of less than 1 percentage point over 2004. This proportion will carry on to be slightly above the County's share of the Region's projected population (close to 15 percent), illustrating the persistent key contribution to the regional economy. The same set of sectors that contained a greater share of the Region's employment compared to the County average in 2004 will take on the same role in 2014—Construction; Leisure & Hospitality; Manufacturing; Financial Activities; and Trade, Transportation & Utilities. Both Construction and Leisure & Hospitality will continue to be noteworthy since they account for over 20 percent of the Region's employment in these sectors. Government and Agriculture will also remain

## HISTORICAL AND PROJECTED INDUSTRY TRENDS

significantly below the County average with each making up less than 10 percent of the regional employment.

**FIGURE 16**  
**2004 TO 2014 SHIFT IN INDUSTRY COMPOSITION PROJECTIONS**



Sacramento Regional Research Institute, February 2006

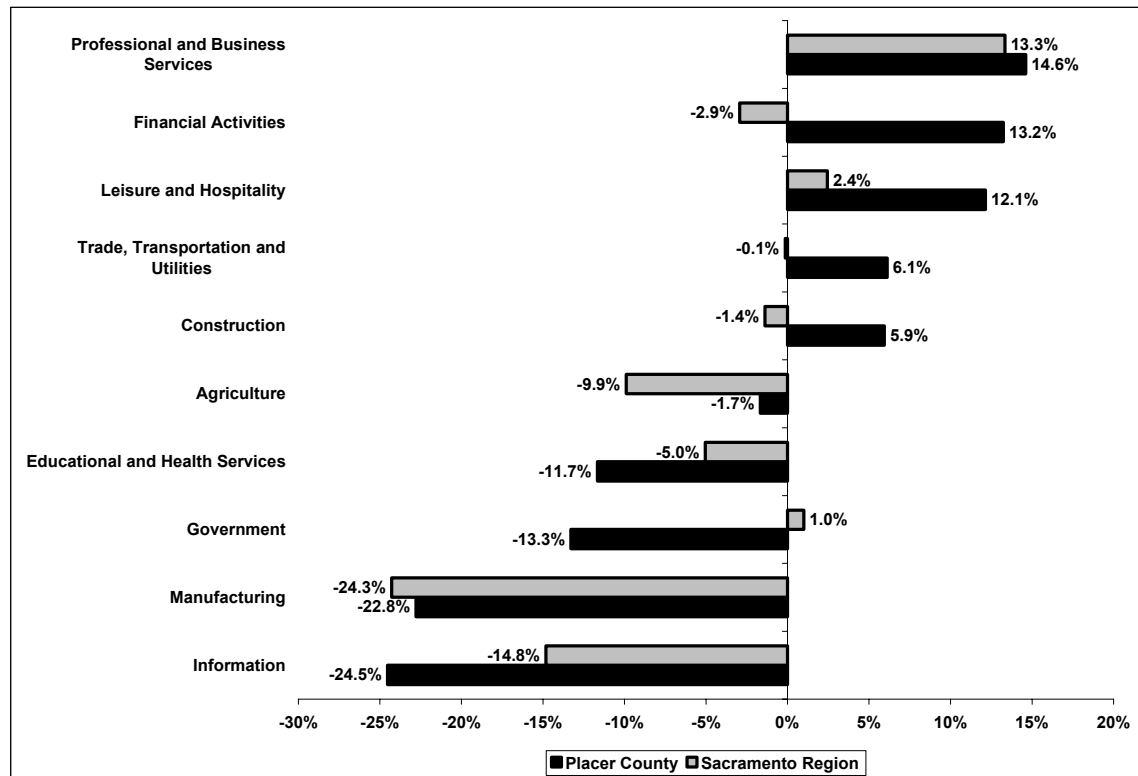
Data Source: California Department of Transportation, Long-Term Socio-Economic Forecasts by County

Notes: Placer County Government sector includes estimates of Beale Air Force Base employment.

Projections do not include separate data for the Other Services and Natural Resources & Mining sectors.

Economic restructuring over the next decade will produce notable shifts in composition in Placer County's Professional & Business Services; Trade, Transportation & Utilities; Leisure & Hospitality; and Financial Activities sectors, all of which will account for a greater share of the County's employment than in 2004. Figure 16 shows that over the next decade, Construction will not see gains in concentration as large as the last decade and Professional & Business Services will take on a greater role in the County's economy. Placer County's Agriculture sector will see a negative shift in composition and Leisure & Hospitality will experience a positive shift, opposite trends than the 1994-2004 decade. Manufacturing and Government are projected to continue to lose concentration in Placer County over the next decade. Half of Placer County's major sectors will see a shift in composition trends consistent with both the Sacramento Region and the state—Professional & Business Services; Trade, Transportation & Utilities; Agriculture; Manufacturing; and Government. The other half presents unique County trends compared to the Region and the state.

FIGURE 17  
2004 TO 2014 CHANGE IN INDUSTRY SPECIALIZATION PROJECTIONS



Sacramento Regional Research Institute, February 2006

Data Source: California Department of Transportation, Long-Term Socio-Economic Forecasts by County

Notes: Placer County Government sector includes estimates of Beale Air Force Base employment.

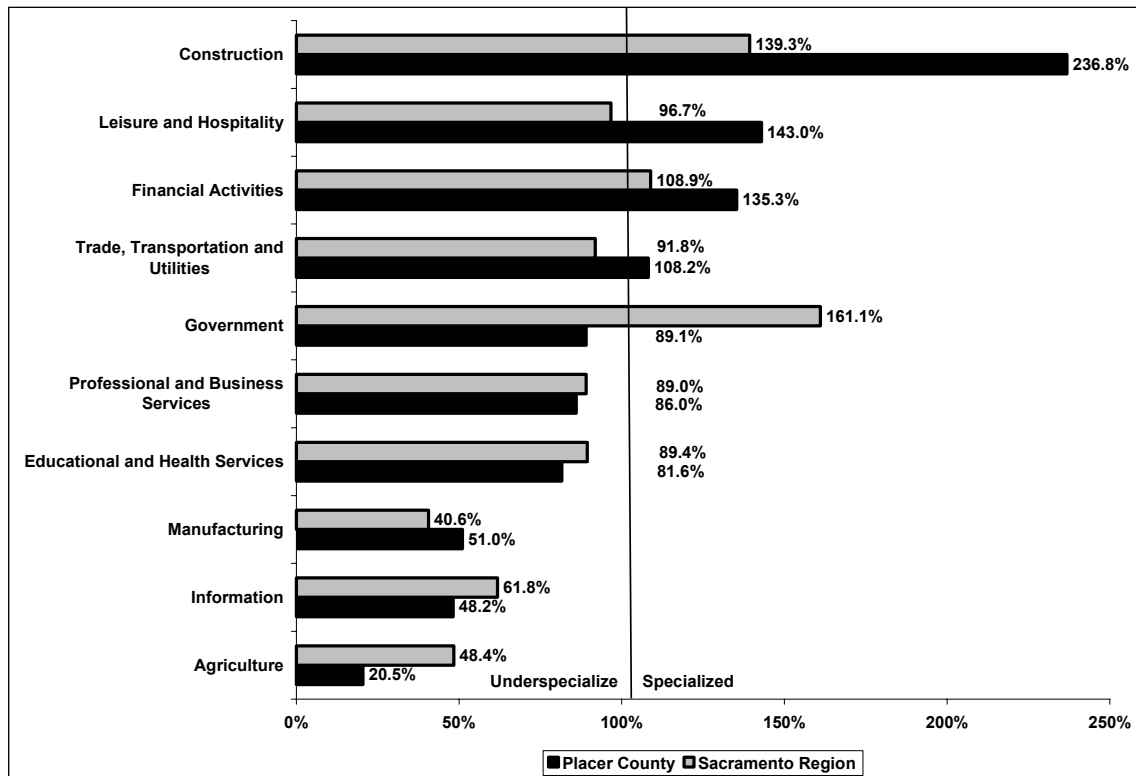
Projections do not include separate data for the Other Services and Natural Resources & Mining sectors.

Specialization reflects a comparison of the proportion of total employment in Placer County and the Sacramento Region compared to the statewide average.

Five sectors in Placer County are projected to experience a positive change in their degree of specialization over the next decade including Professional & Business Services; Financial Activities; Leisure & Hospitality; Trade, Transportation & Utilities; and Construction. The trend in the Professional & Business Services and Leisure & Hospitality sectors is different than the last decade where both of these sectors experienced negative changes in specialization. Placer County's Information sector will continue to see declines in specialization and negative changes in specialization will accelerate in the Manufacturing sector over the next decade. While the Sacramento Region will see decreases in specialization in the Financial Activities; Trade, Transportation & Utilities; and Construction sectors, Placer will see increases in specialization. Further, the Region's Government sector will experience a gain in its degree of specialization, but this sector's specialization will decrease in Placer County between 2004 and 2014.



FIGURE 18  
2014 INDUSTRY SPECIALIZATION



Sacramento Regional Research Institute, February 2006

Data Source: California Department of Transportation, Long-Term Socio-Economic Forecasts by County

Notes: Placer County Government sector includes estimates of Beale Air Force Base employment.

Projections do not include separate data for the Other Services and Natural Resources & Mining sectors.

Specialization reflects a comparison of the proportion of total employment in Placer County and the Sacramento Region compared to the statewide average.

As shown in Figure 18, 2014 projections show that Placer County's specialized sectors will include Construction; Leisure & Hospitality; Financial Activities; and Trade, Transportation & Utilities. In the next decade, the County will present locational advantages attractive to these sectors and gear a portion of the sectors' activities toward export. Compared to 2004, the Government sector fell from the list of specialized sectors (this is projected to happen in the short-term future with a continued negative change in specialization over the decade), but this sector will remain specialized in the Sacramento Region primarily due to the state government influence. Leisure & Hospitality and Trade, Transportation & Utilities will be uniquely specialized in Placer County by 2014 with both sectors showing underspecialization in the Sacramento Region. Agriculture & Information will continue to be some of the most underspecialized sectors in both the County and the Region by 2014.

## Economic Base and Industry Performance

Specific industry sectors usually take on one of two primary roles based on whether their growth causes changes in a region's economic structure and drives development or if their activities are generally a consequence of regional development. The first role describes what is known as a base industry sector while the latter is essentially a local-serving sector. Base industry sectors are typically described by the following characteristics: they bring net new wealth into a region; they generally produce goods and services for export; and they face few geographical constraints, allowing them to operate anywhere that they deem attractive. On the other hand, local-serving sectors normally move wealth around a region, produce goods and services for local consumption, and are strategically located to serve a local market. Overall, base sectors are active drivers of regional development while local-serving sectors are passive participants. A more detailed view of Placer County's economic structure based on industry employment can be used to group sectors into base and local-serving. Once sectors are separated into the two categories, their contributions to the economy and overall performance can be examined separately. This section will discuss the breakdown of base and local-serving sectors in Placer County, analyze industry trends, and show which sectors are the best-performing and offer the greatest potential for economic development.

## Base and Local-Serving Industry Sectors

FIGURE 19  
PLACER COUNTY BASE AND LOCAL-SERVING SECTORS  
EMPLOYMENT, COMPOSITION, AND SPECIALIZATION

Sector	2004		
	Employment	Composition	Specialization
<b>Base Sectors</b>	<b>25,200</b>	<b>18.6%</b>	<b>-</b>
Professional, Scientific and Technical Services	5,700	4.2%	62.3%
Computer and Electronic Product Manufacturing	4,900	3.6%	150.8%
Miscellaneous Durable Goods Manufacturing	3,200	2.4%	356.6%
Accommodation	2,500	1.8%	124.4%
Federal Government	2,000	1.5%	79.2%
Merchant Wholesalers, Durable Goods	1,900	1.4%	56.0%
Management of Companies and Enterprises	1,300	1.0%	55.4%
Miscellaneous Nondurable Goods Manufacturing	1,000	0.7%	268.5%
Merchant Wholesalers, Nondurable Goods	1,000	0.7%	42.1%
Agriculture	700	0.5%	18.7%
State Government	600	0.4%	12.9%
Wholesale Electronic Markets and Agents and Brokers	200	0.1%	24.1%
Natural Resources and Mining	100	0.1%	43.3%
Food Manufacturing	100	0.1%	6.4%
<b>Local-Serving Sectors</b>	<b>110,200</b>	<b>81.4%</b>	<b>-</b>
Local Government	19,700	14.5%	116.4%
Health Care and Social Assistance	11,200	8.3%	85.5%
Administrative and Support Services	7,000	5.2%	75.2%
Full-Service Restaurants	5,400	4.0%	112.1%
Limited-Service Eating Places	5,400	4.0%	117.7%
Construction of Buildings	4,300	3.2%	218.9%
Building Foundation and Exterior Contractors	4,300	3.2%	294.8%
Motor Vehicle and Parts Dealer	3,700	2.7%	174.3%
Miscellaneous Retail Stores	3,500	2.6%	334.4%
Grocery Stores	3,300	2.4%	120.0%
Building Equipment Contractors	3,200	2.4%	173.6%
Building Finishing Contractors	2,900	2.1%	165.5%
General Merchandise Stores	2,900	2.1%	110.7%
Arts, Entertainment, and Recreation	2,900	2.1%	120.3%
Transportation, Warehousing and Utilities	2,800	2.1%	57.5%
Information	2,800	2.1%	57.5%
Insurance Carriers and Related	2,500	1.8%	111.3%
Real Estate	2,400	1.8%	120.3%
Miscellaneous Personal Services	2,300	1.7%	168.1%
Building Material and Garden Equipment Stores	1,900	1.4%	144.3%
Educational Services	1,900	1.4%	71.1%
Clothing and Clothing Accessories Stores	1,700	1.3%	96.2%
Depository Credit Intermediation	1,700	1.3%	97.6%
Repair and Maintenance	1,400	1.0%	88.0%
Heavy and Civil Engineering Construction	1,300	1.0%	149.6%
Activities Related to Credit Intermediation	1,300	1.0%	273.5%
Other Specialty Trade Contract	1,200	0.9%	180.1%
Sporting Goods, Hobby, Book and Music Stores	1,200	0.9%	141.7%
Health and Personal Care Stores	1,100	0.8%	104.7%
Miscellaneous Rental and Leasing Services	700	0.5%	92.0%
Nondepository Credit Intermediation	600	0.4%	66.6%
Miscellaneous Finance and Insurance	600	0.4%	499.6%
Miscellaneous Food and Beverage Stores	400	0.3%	112.3%
Miscellaneous Food Services	400	0.3%	83.3%
Waste Management and Remediation Services	300	0.2%	78.4%

Sacramento Regional Research Institute, February 2006

Data Source: California Employment Development Department, Annual Average Employment by Industry Data

Note: Federal Government sector includes estimates of Beale Air Force Base employment.

Differences due to rounding.

As shown in Figure 19, base sectors comprise close to 19 percent of Placer County's total employment with over 25,000 jobs. Establishments in these sectors are strategically

located in the County, serve a customer base that extends beyond the Sacramento Region, and bring net new wealth into the County and the Region. Additionally, these sectors have played a major role in Placer County's development, including the activities in the local-serving sectors. Professional, Scientific & Technical Services; Computer & Electronic Product Manufacturing; and Miscellaneous Durable Goods Manufacturing (officially captured in state statistics as a residual sector that includes manufacturing of durable goods that are not related to computer and electronic products) are the County's largest base sectors, making up about 10 percent of the County's total employment and nearly 55 percent of the economic base employment. Most of the base sectors are underspecialized—only four base sectors are specialized including Computer & Electronic Product Manufacturing; Miscellaneous Durable Goods Manufacturing; Accommodation; and Miscellaneous Nondurable Goods Manufacturing (a residual sector officially tracked in state statistics that includes durable goods manufacturing that is not food-related).

The remaining 81 percent of Placer County's employment (over 110,000 jobs) is captured by local-serving sectors. These sectors generally move wealth around the Sacramento Region by producing goods and services to serve the local market. The County's largest local-serving sectors include Local Government; Health Care & Social Assistance; and Administrative & Support Services. Combined, these three sectors contain approximately 28 percent of the total employment and over 34 percent of the local-serving component of the economy. Twenty-three of Placer County's local-serving sectors (66 percent of this group) are specialized, indicating a unique level of activity in the County and their additional role in serving the Sacramento Region. Five of these sectors are exceptionally specialized—Construction of Buildings; Building Foundation & Exterior Contractors; Miscellaneous Retail Stores (an official state residual sector that includes a wide variety of retail activities); Activities Related to Credit Intermediation; and Miscellaneous Finance & Insurance (another official state residual sector that captures non-credit intermediation financial activities).

## ECONOMIC BASE AND INDUSTRY PERFORMANCE

**FIGURE 20**  
**PLACER COUNTY BASE AND LOCAL-SERVING**  
**SECTORS GROWTH, SHIFT IN COMPOSITION,**  
**AND CHANGE IN SPECIALIZATION**

Sector	1999-2004		
	Employment Growth	Shift in Composition	Change in Specialization
<b>Base Sectors</b>	<b>5.0%</b>	<b>-4.6%</b>	<b>-</b>
Agriculture	133.3%	0.2%	104.5%
Professional, Scientific and Technical Services	72.7%	1.0%	29.9%
State Government	20.0%	0.0%	-10.7%
Accommodation	19.0%	-0.2%	-8.2%
Merchant Wholesalers, Nondurable Goods	11.1%	-0.1%	-18.5%
Merchant Wholesalers, Durable Goods	5.6%	-0.3%	-10.2%
Federal Government	5.3%	-0.4%	-8.7%
Natural Resources and Mining	0.0%	0.0%	-7.7%
Food Manufacturing	0.0%	0.0%	-18.6%
Miscellaneous Nondurable Goods Manufacturing	0.0%	-0.2%	-30.6%
Wholesale Electronic Markets and Agents and Brokers	0.0%	0.0%	-44.2%
Computer and Electronic Product Manufacturing	-7.5%	-1.5%	-4.2%
Miscellaneous Durable Goods Manufacturing	-13.5%	-1.2%	-21.1%
Management of Companies and Enterprises	-53.6%	-1.8%	-47.1%
<b>Local-Serving Sectors</b>	<b>39.1%</b>	<b>4.6%</b>	<b>-</b>
Activities Related to Credit Intermediation	225.0%	0.6%	64.6%
Clothing and Clothing Accessories Stores	183.3%	0.7%	97.5%
Building Foundation and Exterior Contractors	138.9%	1.4%	38.4%
Miscellaneous Finance and Insurance	100.0%	0.2%	20.2%
Educational Services	90.0%	0.4%	26.2%
General Merchandise Stores	81.3%	0.6%	32.6%
Building Equipment Contractors	77.8%	0.6%	23.2%
Other Specialty Trade Contract	71.4%	0.2%	14.8%
Depository Credit Intermediation	70.0%	0.3%	17.6%
Insurance Carriers and Related	66.7%	0.4%	22.2%
Building Finishing Contractors	61.1%	0.4%	-4.1%
Building Material and Garden Equipment Stores	58.3%	0.2%	-0.5%
Health and Personal Care Stores	57.1%	0.1%	16.9%
Administrative and Support Services	52.2%	0.7%	20.2%
Sporting Goods, Hobby, Book and Music Stores	50.0%	0.1%	24.7%
Miscellaneous Retail Stores	45.8%	0.3%	26.1%
Construction of Buildings	43.3%	0.3%	-7.3%
Miscellaneous Rental and Leasing Services	40.0%	0.0%	20.2%
Health Care and Social Assistance	38.3%	0.4%	-1.6%
Limited-Service Eating Places	35.0%	0.1%	-2.0%
Real Estate	33.3%	0.0%	-4.9%
Miscellaneous Food Services	33.3%	0.0%	-17.6%
Heavy and Civil Engineering Construction	30.0%	0.0%	-2.0%
Miscellaneous Personal Services	27.8%	0.0%	-3.3%
Information	27.3%	-0.1%	9.6%
Local Government	26.3%	-0.6%	-6.8%
Full-Service Restaurants	25.6%	-0.2%	-11.6%
Motor Vehicle and Parts Dealer	23.3%	-0.2%	-9.2%
Transportation, Warehousing and Utilities	21.7%	-0.2%	3.0%
Grocery Stores	17.9%	-0.3%	-13.8%
Arts, Entertainment, and Recreation	16.0%	-0.3%	-16.4%
Miscellaneous Food and Beverage Stores	0.0%	-0.1%	-12.4%
Nondepository Credit Intermediation	0.0%	-0.1%	-40.6%
Waste Management and Remediation Services	0.0%	-0.1%	-27.3%
Repair and Maintenance	-44.0%	-1.4%	-56.0%

Sacramento Regional Research Institute, February 2006

Data Source: California Employment Development Department, Annual Average Employment by Industry Data

Note: Federal Government sector includes estimates of Beale Air Force Base employment.

Differences due to rounding.

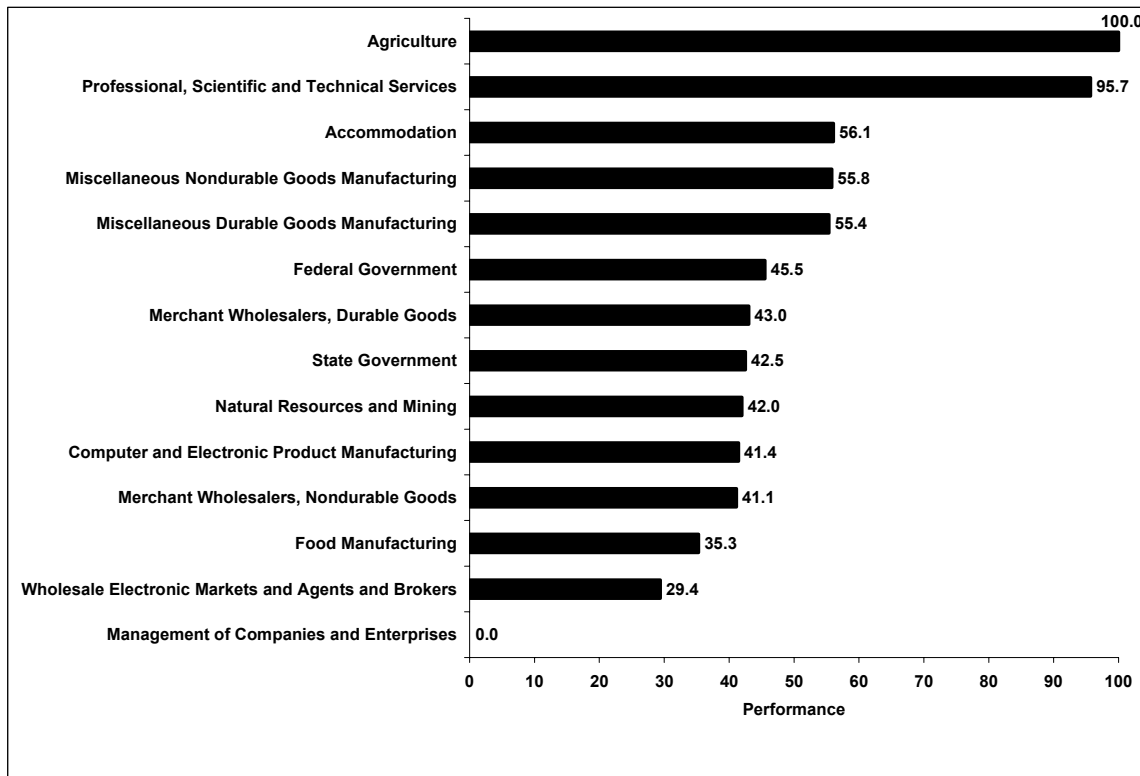
Figure 20 indicates that Placer County's economic base has grown at a slower pace than the local-serving component of the economy—the base experienced approximately 5

percent growth over the past five years while the group of local-serving sectors saw about 39 percent growth. Between 1999 and 2004, two of Placer County's base sectors saw notable growth including Agriculture (over 133 percent) and Professional, Scientific & Technical Services (nearly 73 percent). Three base sectors—Computer & Electronic Product Manufacturing; Miscellaneous Durable Goods Manufacturing; and Management of Companies & Enterprises—saw employment declines over the past five years. Repair & Maintenance was the only local-serving sector to see an employment decline in Placer County between 1999 and 2004. Four of the County's local-serving sectors saw strong growth over this same time period (all at or over 100 percent) including Activities Related to Credit Intermediation; Clothing & Clothing Accessories Stores; Building Foundation & Exterior Contractors; and Miscellaneous Finance & Insurance. In the past five years, Placer County's economic base has seen a decline in concentration of nearly 5 percentage points—in 1999 the base sectors contained about 23 percent of total employment and fell to close to 19 percent by 2004. As a result, the local-serving portion of the County's economy became more concentrated between 1999 and 2004, capturing the 5 percentage point loss from the base sectors. Within Placer County's base sectors, the Agriculture sector experienced the greatest growth in the degree of specialization over the past five years, while Management of Companies & Enterprises saw the largest decrease in specialization. In the local-serving group of sectors, Clothing & Clothing Accessories Stores posted the largest positive change in specialization and Repair & Maintenance saw the greatest decline.

### **Industry Performance**

In order to create a measurement of overall sector performance, SRRI utilized an indexing methodology that takes into account five key factors—employment growth between 1999 and 2004; composition in 2004; shift in composition between 1999 and 2004; specialization in 2004; and change in specialization between 1999 and 2004. For each specific factor, the sector with the highest value received a score of 100 and sector with the lowest values was given a score of 0. All other sectors received a score between 0 and 100 depending on where they fell relative to the range of values. The scores were then averaged and indexed on the 0 to 100 scale. Each of these factors individually describes important economic conditions and a measure that captures values across all factors acts as a proxy for overall economic performance.

FIGURE 21  
PLACER COUNTY BASE SECTORS' PERFORMANCE



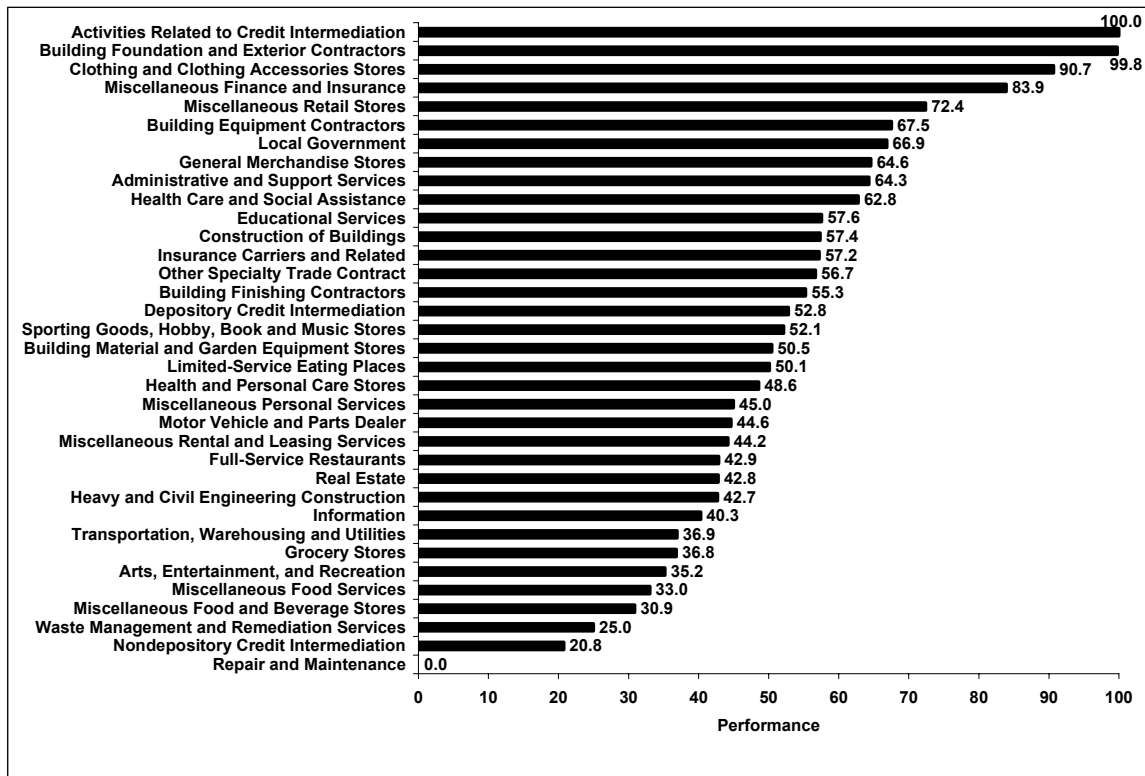
Sacramento Regional Research Institute, February 2006

Data Source: California Employment Development Department, Annual Average Employment by Industry Data

Note: Federal Government sector includes estimates of Beale Air Force Base employment.

Among Placer County's base sectors shown in Figure 21, Agriculture was the best-performing across all five factors, followed closely by Professional, Scientific & Technical Services. These two sectors posted relatively strong scores across the board. Relative to the other base sectors, the County's Management of Companies & Enterprises sector received the lowest overall performance score, primarily due to its negative employment growth, shift in composition, and change in specialization over the past five years.

FIGURE 22  
PLACER COUNTY LOCAL-SERVING SECTORS' PERFORMANCE



Sacramento Regional Research Institute, February 2006

Data Source: California Employment Development Department, Annual Average Employment by Industry Data

In terms of Placer County's local-serving sectors displayed in Figure 22, the Activities Related to Credit Intermediation sector garnered the highest overall performance score. Building Foundation & Exterior Contractors; Clothing & Clothing Accessories Stores; and Miscellaneous Finance & Insurance also received high performance scores relative to other local-serving sectors. All four of the sectors at the top of the performance list saw tremendous employment growth over the past five years and received healthy scores in all other factors. As a result of its negative employment growth, decline in composition, and decrease in the degree of specialization, the Repair & Maintenance sector posted the lowest overall performance score among Placer County's local-serving sectors.

The performance index for the base sectors can be used to identify those sectors that present that greatest economic development potential in Placer County. Development in these sectors will drive economic performance in local-serving sectors, generate prosperity in the County, and continue to bring net new wealth into the Sacramento Region. However, three other aspects must also be considered to set certain sectors apart from others—employment projections, preciseness of the sector definition, and unique sector characteristics. First, sectors that are projected to decline at the regional and statewide level are not appropriate choices. SRRI applied this screen to the list using detailed short-term projections from the California Employment Development Department (EDD) for the state and the Sacramento Metropolitan Statistical Area (El Dorado, Placer, and Sacramento Counties). Next, officially defined residual sectors



(referred to miscellaneous in this section) are too broad to focus economic development efforts in any meaningful way. These sectors capture a wide variety of economic activities and information is not available regarding what is specifically included and to what degree. Therefore, any miscellaneous sector was removed from the list when selecting sectors with the greatest economic development potential. Finally, sectors that have unique or limiting characteristics were excluded from the list as well. This screen affected three sectors, including State Government, Agriculture, and Natural Resources & Mining. State Government activities are generally influenced by outside factors which economic development efforts have limited control over. Despite the potential for desirable specialized activities, Agriculture and Natural Resources & Mining were excluded since land space, infrastructure, and other geological requirements can inhibit economic development efforts. It is important to note that omitting these sectors is not meant to downplay their significance. The focus of this analysis is to identify the base sectors that are likely to respond best to economic development efforts and, in the end, yield the largest net economic growth in Placer County, which necessitates narrowing down the list to include only those categories with the most desirable properties.

Based on overall economic performance scores and additional screening, the following base sectors show the greatest potential for economic development in Placer County:

- **Accommodation**—Hotels & Motels; Casino Hotels; Bed & Breakfast; RV Parks & Recreational Camps; and Rooming & Boarding Houses
- **Computer & Electronic Product Manufacturing**—Computer & Peripheral Equipment Manufacturing; Communications Equipment Manufacturing; Audio & Video Equipment Manufacturing; Semiconductor & Other Electronic Component Manufacturing; Navigational, Measuring, Electromedical, & Control Instruments Manufacturing; and Manufacturing and Reproducing Magnetic & Optical Media
- **Federal Government**—Security and Administration
- **Merchant Wholesalers, Durable Goods**—Motor Vehicle & Motor Vehicle Parts & Supplies Merchant Wholesalers; Furniture & Home Furnishing Merchant Wholesalers; Lumber & Other Construction Materials Merchant Wholesalers; Professional & Commercial Equipment & Supplies Merchant Wholesalers; Metal & Mineral (except Petroleum) Merchant Wholesalers; Electrical & Electronic Goods Merchant Wholesalers; Hardware, & Plumbing & Heating Equipment & Supplies Merchant Wholesalers; and Machinery, Equipment, & Supplies Merchant Wholesalers
- **Professional, Scientific & Technical Services**—Legal Services; Accounting, Tax Preparation, Bookkeeping, & Payroll Services; Architectural, Engineering, & Related Services; Specialized Design Services; Computer Systems Design & Related Services; Management, Scientific, & Technical Consulting Services; Scientific Research & Development Services; and Advertising & Related Services

Detailed EDD projections show that all of these sectors will see positive employment growth between 2002 and 2012. Higher level DOT projections also show that the major sectors where these detailed sectors are housed will post positive growth over the next decade with Professional & Business Services (Professional, Scientific & Technical

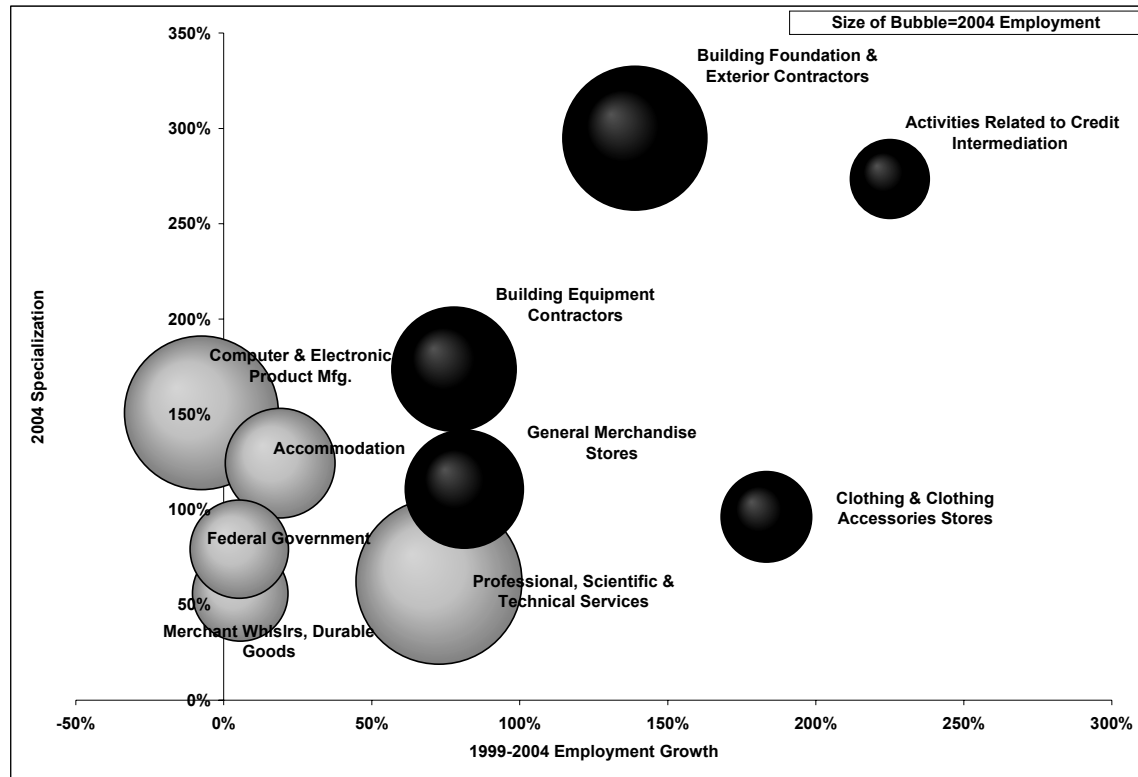
Services); Leisure & Hospitality (Accommodation); and Trade, Transportation, & Utilities (Merchant Wholesalers, Durable Goods) at the top of the list. Successful economic development efforts could help generate these gains and foster further growth and development. The one exception is the Manufacturing sector, which DOT projects will decline in Placer County and the Sacramento Region over the next decade. Although EDD forecasts positive growth in the Computer & Electronic Product Manufacturing sector, several indicators point to a mixed view of economic performance in the Manufacturing sector in the next decade. Economic development efforts could help keep the Computer & Electronic Products portion of the Manufacturing sector a viable economic activity in Placer County and the Sacramento Region. In fact, DOT projections show that Placer County will support over 19 percent of the Manufacturing jobs in the Sacramento Region, notably above the 15 percent of total regional jobs that the County is forecast to house.

In addition to general demographic trends, successfully fostering and growing the economic base will create a response in the local-serving sectors. Some local-serving sectors might uniquely respond in Placer County—these sectors are most likely those that have displayed strong economic performance. Concurrent efforts to attract the best-performing local-serving sectors can potentially accelerate growth and development in the local-serving component of the County’s economy. Based on the performance scores and screening mechanism, the following sectors can be viewed as the best-performing:

- **Activities Related to Credit Intermediation**—Mortgage and Nonmortgage Loan Brokers and Financial Transactions Processing, Reserve, and Clearinghouse Activities
- **Building Equipment Contractors**—Electrical Contractors and Plumbing, Heating, & Air-Conditioning Contractors
- **Building Foundation & Exterior Contractors**—Poured Concrete Foundation & Structure Contractors; Structural Steel & Precast Concrete Contractors; Framing Contractors; Masonry Contractors; Glass & Glazing Contractors; Roofing Contractors; and Siding Contractors
- **Clothing & Clothing Accessories Stores**—Clothing Stores; Shoe Stores; and Jewelry, Luggage, & Leather Goods Stores
- **General Merchandise Stores**—Department Stores; Discount Department Stores; and Warehouse Clubs & Supercenters

All of these sub-sectors are contained in the Financial Activities; Construction; and Trade, Transportation, & Utilities sectors, which DOT forecasts will see relatively strong growth over the coming decade. By demonstrating the benefits of continued economic and demographic growth in Placer County as a result of general County-wide trends and successful efforts to foster development in the economic base, firms in these sectors might exhibit a more elaborate and prompt response than other local-serving sectors.

FIGURE 23  
BASE SECTORS WITH GREATEST ECONOMIC DEVELOPMENT POTENTIAL  
AND BEST-PERFORMING LOCAL-SERVING SECTORS



Sacramento Regional Research Institute, February 2006

Data Source: California Employment Development Department, Annual Average Employment by Industry Data

Note: Federal Government sector includes estimates of Beale Air Force Base employment.

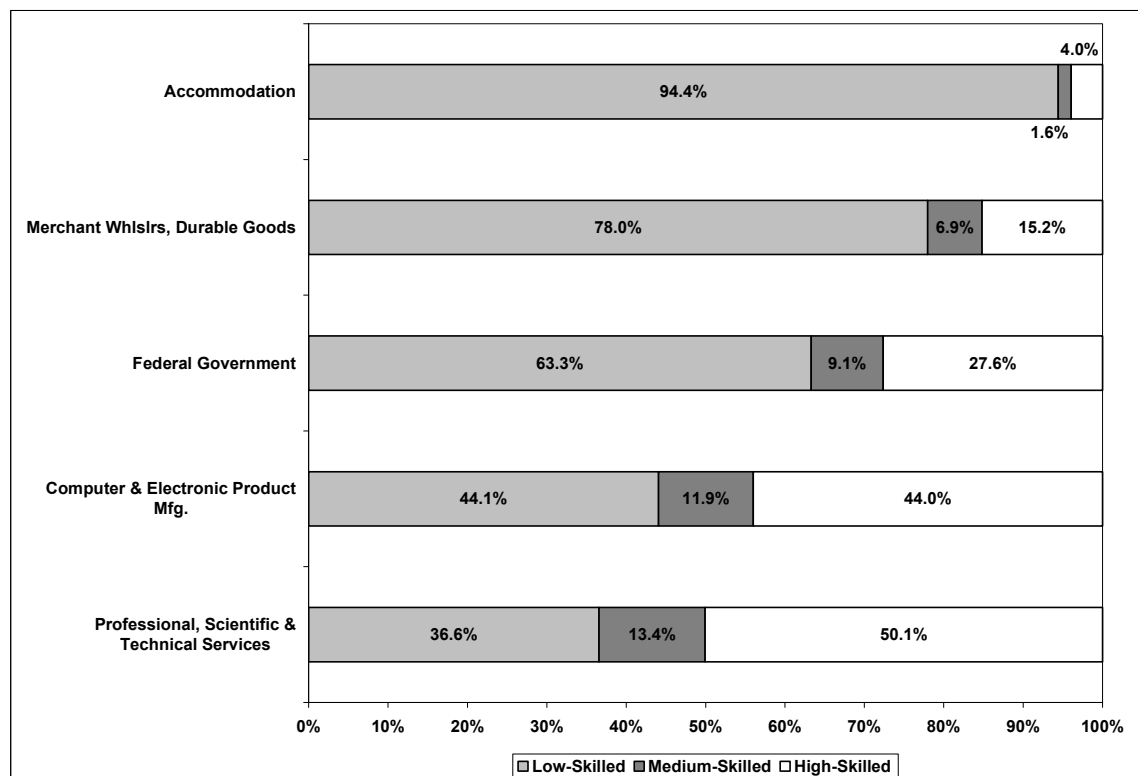
Figure 23 provides a visual display of three key factors for the selected base and local-serving sectors—the x-axis shows the 1999-2004 employment growth, the y-axis traces the 2004 level of specialization, and the size of the bubble represents the total employment in 2004. A figure of this type implies that large bubbles in the upper right-hand portion are the best. Movement up both axes suggests that business recruitment, expansion, and retention efforts might prove more successful than those near the intersection of the two axes. However, it is still important to distinguish between the base and local-serving sectors. The selected base sectors are generally grouped at the intersection of the two axes and the combination of the five bubbles are larger than the local-serving sectors. While four out of the five base sectors experienced positive employment growth, only two are specialized. On the other hand, the local-serving sectors place further up both axes, but represent a small mass of jobs. All of the selected local-serving sectors are specialized or close to the statewide average proportion and have posted relatively strong job growth.

A list of major employers in the base sectors with the greatest economic development potential and best-performing local serving sectors is presented in the Appendix of this report.

## Workforce Considerations

It is important to consider the workforce demands that successful efforts to foster growth and development in the best-performing sectors might generate. Examining the training levels of those occupations typically employed in the selected sectors can show which portion of the workforce those sectors will take advantage of to fill their employment needs. SRRI analyzed the staffing patterns (developed by EDD at the statewide level) in the five selected industries presenting the greatest potential for economic development as well as the five best-performing local sectors. This information identifies the specific occupations that are generally employed in an industry sector, the employment levels in each occupation, and the typically required education and training requirements. Based on the education and training information, SRRI assigned each occupation one of three training levels—high-skilled (necessitating a bachelor’s degree or above), medium-skilled (requiring postsecondary vocational training or an associate degree), and low-skilled (needing short- to long-term on-the-job training or previous work experience)—to develop a standard breakdown of training levels across an entire sector.

FIGURE 24  
TRAINING LEVEL COMPOSITION FOR OCCUPATIONS WITHIN BASE  
SECTORS WITH GREATEST ECONOMIC DEVELOPMENT POTENTIAL



Sacramento Regional Research Institute, February 2006

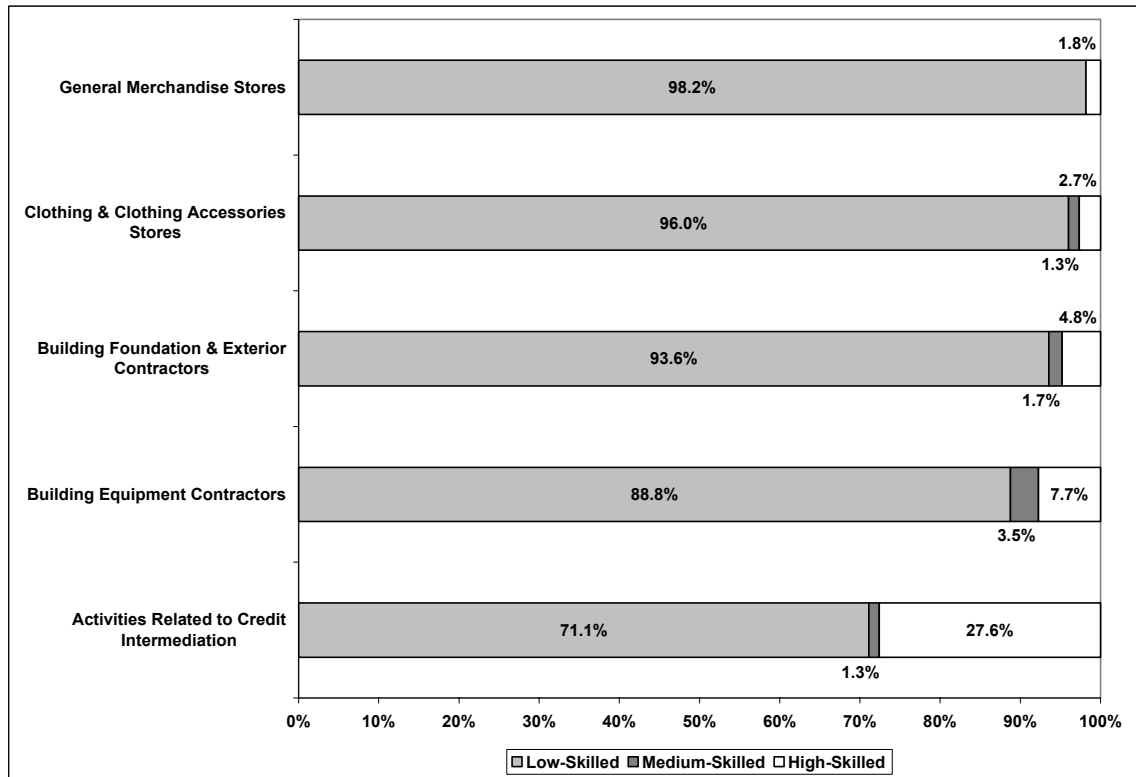
Data Source: California Employment Development Department, California Industry-Occupational Matrix 2002-2012

Figure 24 shows that the Accommodation; Merchant Wholesalers, Durable Goods; and Federal Government sectors generally make use of the low-skilled portion of the workforce, with the majority of jobs typically employed by these sectors falling within this training level. Should efforts aimed at these three sectors prove successful, low-skilled workers in Placer County and the Sacramento Region could see the greatest benefit. The Computer & Electronic Product Manufacturing sector displays a mix of low- and high-skilled occupations, while about 50 percent of the occupations employed in the Professional, Scientific & Technical Services sector make use of the high-skilled segment of the labor force. The medium-skilled portion of the labor force is also a relatively important component for these two base sectors. Growth in these sectors will require a response from the County's and Region's high- and low-skilled components of the workforce. On average, about 63 percent of the jobs in the five base sectors presenting the greatest economic development potential are low-skilled, 28 percent are high-skilled, and the remaining 9 percent are medium-skilled. Postsecondary educational institutions and workforce development programs will most likely act as some of the main labor force training mechanisms for these five base sectors.

The Professional, Scientific & Technical Services and Computer & Electronic Product Manufacturing sectors present the highest training requirements among the selected base sectors. The largest occupations employed in the Professional, Scientific & Technical Services sector include lawyers, legal secretaries, computer software engineers (applications), and accountants & auditors, three of which require a high level of education and training (legal secretaries are classified as medium-skilled). The Computer & Electronic Product Manufacturing sector's largest occupations represent all skill levels—electrical and electronic equipment assemblers and team assemblers are low-skilled, semiconductor processors are medium-skilled, and engineers (all other) are high-skilled.

The largest occupations within the Federal Government sector are postal mail carriers and sorters, both with skill low-skilled levels requiring short-term on-the-job training, as well as business operations specialists (all other), an occupation which requires a high skill level. Occupations that comprise the largest proportion of the total in the Merchant Wholesalers, Durable Goods sector include sales representatives and laborers—both which have short- and moderate-term on-the-job training requirements (low-skill levels). Although there are some high-skilled occupations (such as accountants, general managers, and sales managers) within the Accommodation sector, the largest number of its jobs are low-skilled, requiring on-the-job training, including maids & housekeeping cleaners, desk clerks, waiters/waitresses, and maintenance and repair workers.

FIGURE 25  
TRAINING LEVEL COMPOSITION FOR OCCUPATIONS WITHIN THE BEST-PERFORMING LOCAL-SERVING SECTORS



Sacramento Regional Research Institute, February 2006

Data Source: California Employment Development Department, California Industry-Occupational Matrix 2002-2012

As shown in Figure 25, all five of the best-performing local-serving sectors primarily look to the low-skilled segment of the labor force to fill their employment needs with the Activities Related to Credit Intermediation showing the greatest demand for occupations outside the low-skilled training level. Major occupations within the Activities Related to Credit Intermediation sector include tellers, loan officers, loan interviewers & clerks, and first-line supervisors of office support workers. All of these occupations are low-skilled, with the exception of loan officers, which is classified as a high-skilled occupation. The largest occupations within the Building Equipment Contractors are low-skilled and include electricians, plumbers, and sheet metal workers. Similarly, the Building Foundation & Exterior Contractors sector employs low-skilled workers with the majority of them being carpenters, construction laborers, and roofers. The majority of the occupations within the Clothing & Clothing Accessories Stores and General Merchandise Stores include retail salespersons, stock clerks, cashiers, and first-line supervisors of retail salespersons, all low-skilled jobs. Continued economic and demographic growth in Placer County will most likely generate increased economic activity in these five sectors, and workforce development programs could act as one of the primary training providers (in addition to Kindergarten through 12<sup>th</sup> grade educational institutions) for the workforce they will tap into for their employment needs.

## **Business Advantages**

It is important to have an understanding of the key advantages and local “gems” that make Placer County a desirable place to do business to help guide efforts to attract, expand, and retain establishments in the sectors that demonstrate the greatest potential for economic development or can be described as some of the best-performing. This is critical for efforts focused on base sectors since businesses in these sectors can locate anywhere that they consider most attractive. Many firms within local-serving sectors have screening processes that they utilize to dictate growth patterns, but providing information on local advantages is a beneficial incremental effort that could prove to be important in many cases. In order to identify advantages, SRRI interviewed firms within the 10 selected base and local-serving sectors and summarized aspects that have arisen in other SRRI research related to Placer County. This brief section will highlight the County’s key advantages.

In the open-ended interview process SRRI attempted to contact management or other representatives in decision-making positions at 175 companies and was ultimately able to obtain responses from 21 firms (a response rate of 12 percent). The responding companies support approximately 1,600 jobs in Placer County. While every effort was made to obtain representation from all 10 sectors, SRRI was unable to garner responses from three sectors. All representatives contacted in the Federal Government sector declined to comment. Additionally, local representatives from companies in the Clothing & Clothing Accessories Stores and General Merchandise Stores referred all questions to their respective corporate offices. SRRI contacted several of these corporate officials, but was unable to complete any interviews. Therefore, it is important to keep in mind that the information reported in this section came from a relatively small sampling of companies in Placer. However, the structure of this survey and the sampling methodology only focused on those industries deemed to exhibit both high performance and be of exceptional importance to the local economy; thus yielding particularly useful responses.

## **Employer Viewpoints**

Almost all respondents from both base and local-serving sectors cited various quality of life factors as being the most attractive attributes of Placer County. Many stressed the importance of living and working in a desirable area. Some popular responses included the broad range of recreational opportunities, mild weather, and the County’s family-oriented nature. Aside from quality of life, most interviewees pointed to the strong population growth that increased demand for their products and services. Several companies from base sectors praised Placer County’s qualified and educated labor force, but they also pointed out that they face competition attracting the best employees. Additionally, a handful of respondents commended the local government for being proactive when it comes to planning and other business-related issues. Companies in the local-serving Activities Related to Credit Intermediation sector reported that the relatively high median income in Placer County helps fuel their businesses, especially for



those involved in savings and investment. Representatives from the Professional, Scientific & Technical Services; Specialty Trade Contractors; and Building Equipment Contractors all praised the quality and availability of the proper infrastructure to operate their businesses. Efforts should be made to maintain these advantages and tout them when focusing on attracting, expanding, and retaining businesses.

Interviewees surfaced a few issues related to doing business in the County. A major issue reported by nearly all interviewees was the traffic in Placer County. Some participants commented that traffic has become so excessive in recent years that it may soon become an issue big enough to deter business growth in the County. Moreover, the majority of respondents noted that the permitting process in Placer is cumbersome. Many cited what they felt was excessive “red tape” when referring to the various costs and issues faced when attempting to obtain permits and County approval for specific projects. Some interviewees noted that many of these permit restrictions have the most significant impact on smaller businesses. Another recurring issue mentioned by respondents was the soaring cost of living in Placer County, specifically in terms of housing. Several companies stated they had trouble attracting quality employees at the lower pay scale due to their inability to afford housing in the area. Some Manufacturing companies commented that they feel like the County is not promoting their industry sufficiently, pointing to companies that have chosen to move operations out of the County in recent years as examples. If addressed, these negative viewpoints could be minimized and the County’s already high marks could be improved.

Contrary to the relative consensus about the benefits of the continuing economic growth in Placer County, interviewees had seemingly biased responses about economic development efforts for their own industries. This was apparent as the majority of respondents stated that they felt the market for their individual line of business was essentially saturated. However, some respondents also felt that the County should focus on promoting small business growth. A few interviewees also stated that they would like to see more high-tech manufacturing activities in Placer County. Finally, respondents often expressed concern that future promotion efforts be congruent to maintaining the quality of life attributes that they feel are so attractive about Placer County. A handful of respondents expressed concern about economic development efforts being detrimental to some of the more attractive qualities and should support open space preservation and smart growth. They stressed that most of all they would like to see economic development strategies that will complement these aspects of Placer they value most.

### **General Advantages**

There are a variety of attributes that are frequently cited as major advantages to doing business in Placer County. These advantages can be grouped into six main categories—economic strength, workforce, transportation infrastructure, business resources, quality of life, and Federal Government spin-off activities. One of the greatest advantages that is both a cause and effect of a strong business climate is the fact that Placer County is one of the healthiest economies in the Sacramento Region, which is itself, one of the most



## BUSINESS ADVANTAGES

robust economic regions in California. Businesses find that Placer County's rapidly expanding population and breadth of economic activities presents them with a wealth of opportunities.

Businesses have access to an abundant labor force in Placer County and the Sacramento Region. The quality of the workforce is enhanced by the County's close proximity to three public four-year higher education institutions (plus one main private institution campus within the County's borders), several community colleges, and numerous private school branches and vocational schools. The County's Kindergarten through 12<sup>th</sup> grade school system is also viewed as a positive attribute and contributor to labor force quality with graduation rates and SAT scores higher than the statewide average and comparable with highly-educated areas like the Bay Area.

Accessible transportation and a solid infrastructure help Placer County capitalize on its centralized location and convenience to markets. The County benefits from proximity to two international airports (Sacramento International Airport and Reno/Tahoe International Airport), the Port of Sacramento, and four major highways, which allow one-day delivery throughout California and many locations on the West Coast. Additionally, Placer County is home to the Union Pacific Railroad's Roseville Yard, the largest commercial rail facility on the West Coast.

The County offers a variety of business resources which has helped it gain a reputation as a proactive and responsive local government and contributed to its healthy economic conditions. For example, the County's new Community Development Resource Agency aims to streamline the review and approval process of new development plans by combining all County departments necessary for this process into one office. The goal of this program is to reduce the number of visits that one must make to the County for approval of plans. Developing this new program directly addresses some of the issues businesses have identified through surveys and other feedback processes. The Placer County Business Advantage Network also offers a variety of services to help a business in their expansion, retention, and relocation plans. Additionally, the Small Business Development Center provides free and low-fee guidance in general management, business planning, financial resources, and marketing services for aspiring entrepreneurs and small business owners. Many workforce development and training programs and resources are also available to Placer County businesses. Some services offered by the Placer County Business Advantage Network and Auburn & Roseville One-Stop Career Center system include recruitment, training, and incentive programs to assist local businesses in their hiring needs. The County also helps existing companies adapt to economic changes and training issues through the Employment Training Panel, which provides funds to prepare both the unemployed and underemployed to meet the requirements of high-wage, high-skill jobs. Other business resources provided are financial assistance and counseling, tax incentive programs, business seminars, and networking events.

Business owners, chief executive officers, and residents all stress the desirability of Placer County's quality of life. In addition to a wide variety of year-round outdoor

## BUSINESS ADVANTAGES

recreational activities such as skiing, camping, and golfing, the County provides a number of retail offerings, cultural opportunities, and arts and entertainment activities. Placer County's central location in northern California offers residents the ability to take advantage of short trips to the Bay Area, the Napa and Sonoma County wine country, and the Sierra Nevada mountain range. Other aspects of the County's quality of life include seismic stability, a variety of housing opportunities, low crime rates, and an established health services system. Residents also emphasize the opportunity to live in communities with a small town feeling as well as access to urban amenities. For these reasons, quality of life has been cited as one of the most important reasons to locate or stay in Placer County from previous surveys of employers within the County.

Although, not directly within the Placer County borders, Beale Air Force Base in neighboring Yuba County provides the potential for spin-off activities within Placer County. Beale Air Force Base is one of the largest employers north of Sacramento, creating the supply of consumers for proximate retail outlets and personal services providers. Additionally, Federal Government economic activities are linked to industries that act as suppliers of goods and services including Professional & Business Services; Financial Activities; and Trade, Transportation, & Utilities. Further, certain specialized technology and research and development activities could benefit from Beale's operations. Recently, the Air Force Base was designated as the parent organization for the GLOBAL HAWK, a high-altitude reconnaissance platform. Support for similar technologies and related research activities might be able to take advantage of the proximity to Beale.

## Conclusion

Businesses in Placer County support over 135,000 jobs and make an important contribution to the Sacramento Region's economy—employment in the County accounts for close to 15 percent of the jobs in the Region, a slightly greater level than the 14 percent of the Region's population that resides in the County. Over 60 percent of the jobs in Placer County business fall within the Trade, Transportation & Utilities; Government; Construction; and Leisure & Hospitality sectors. Placer County maintains a greater proportion of total employment in these four sectors compared to the statewide average, showing that the County offers some locational advantage for these sectors and a portion of their activities serve economies outside the County borders. With the exception of Government, these four sectors also capture a greater share of the Region's employment than the average of all industries in the County.

Breaking down Placer County's industry structure into base and local-serving activities shows that about 19 percent of jobs fall within the base category, bringing net new wealth to the County and supporting export activities. The County's Professional, Scientific & Technical Services and Computer & Electronic Product Manufacturing sub-sectors contain the greatest number of employees within the economic base. The remaining 81 percent of jobs primarily produce goods and services for local consumption and simply move wealth around the Sacramento Region. Local Government and Health Care & Social Assistance contain the most jobs among the local-serving sub-sectors.

Over the past decade, Placer County has experienced robust employment growth, surpassing rates seen in the Sacramento Region and California overall. Two of its dominant sectors—Construction and Trade, Transportation & Utilities—posted considerable growth (about 98 and 244 percent growth, respectively). This growth helped move these two sectors into their current important role in the Placer County economy. In fact, Construction gained close to 6 percentage points in the proportion of total employment over the past 10 years while Trade, Transportation & Utilities increased by about 1 percentage point. The other two large sectors—Leisure & Hospitality and Government—experienced employment growth below the industry average in Placer County, around 65 percent each. This relatively slow growth and rapid increases in other key sectors led to a negative shift in concentration in these two sectors with Leisure & Hospitality losing close to 2 percentage points and Government declining by nearly 3 percentage points. The degree of specialization in the four sectors followed similar trends with Construction and Trade, Transportation & Utilities gaining and Government and Leisure & Hospitality decreasing.

Placer County's relatively healthy economic performance is expected to continue into the next decade with overall employment growth surpassing the Sacramento Region and the state. The County will also continue to make a disproportionately positive contribution to the Sacramento Region with a greater share of the Region's jobs than its share of population. All four of Placer County's largest sectors are projected to see positive employment growth over the next decade. Leisure & Hospitality; Trade, Transportation & Utilities; and Construction are all forecast to fall near the top of the list in job growth

## CONCLUSION

in the County with rates above the regional and statewide averages, but Government is projected to see relatively limited growth. These trends will allow Trade, Transportation & Utilities; Leisure & Hospitality; and Construction to see gains in concentration and specialization while Government will experience declines in its percentage of total County employment and degree of specialization (becoming underspecialized). As the structure of the economy changes in the next decade, the County can expect the Professional & Business Services sector to play a greater role. Employment growth in this sector is forecast to top the list, resulting in a gain in proportion of total employment of almost 3 percentage points and a nearly 15 percent jump in the degree of specialization (it will, however, still be an underspecialized sector).

Placer County and the Sacramento Region will benefit from maintaining and growing the economic base due to its wealth generation potential and typically large multiplier effects. Economic development efforts aimed at specific base sector can help foster and enhance the healthy economic conditions that the County has been able to maintain over the past decade and is expected to preserve in the next decade. Based on economic performance indicators, the Accommodation; Computer & Electronic Product Manufacturing; Federal Government; Merchant Wholesalers, Durable Goods; and Professional, Scientific & Technical Services sectors present the greatest potential for economic development. Three of the five sectors are housed within some of the County's dominant major sectors—Accommodation falls within Leisure & Hospitality; Federal Government is part of the larger Government sector; and Merchant Wholesalers, Durable Goods is a component of the Trade, Transportation & Utilities sector. Successful efforts geared toward the Professional, Scientific & Technical Services sector can help the County strengthen its up-and-coming Professional & Business Services sector and potentially shift the underspecialized nature of this major sector to look more like the statewide average or above. Although indicators related to the Manufacturing sector convey a mixed view, successful business attraction, expansion, and retention efforts can facilitate the ability to keep this a viable economic activity in Placer County, especially considering the economic importance of its Computer & Electronic Product Manufacturing sector.

Several local-serving sectors will most likely respond to continued economic and demographic growth including Activities Related to Credit Intermediation; Building Equipment Contractors; Building Foundation & Exterior Contractors; Clothing & Clothing Accessories Stores; and General Merchandise Stores. With the exception of the Activities Related to Credit Intermediation sector which is part of the major Financial Activities sector, these selected local-sectors fall within the Construction and Trade, Transportation & Utilities sectors, two dominant pieces of the County's economy. Ensuring that these sectors are aware of the opportunities the County presents will most likely help accelerate growth and development in the local-serving piece of the economy.

Should development efforts prove successful, the Sacramento Region's primary and secondary educational institutions, workforce development programs, and higher education institutions will act as the main training mechanisms for the labor force the selected sectors will demand. Both the base and local-serving sectors depend heavily on

## CONCLUSION

the low-skilled portion of the workforce. Only two of the base sectors presenting the greatest economic development potential rely considerably on the high-skilled component of the labor force—Professional, Scientific & Technical Services and Computer & Electronic Product Manufacturing. Placer County must continue to offer access to a high quality low-skilled workforce in addition to a highly-educated population to foster growth and development in the 10 selected sectors.

Touting Placer County’s business advantages will also be a critical component of future economic development efforts geared toward the base sectors with the greatest potential and best-performing local-serving sectors. Businesses within these sectors find the County’s healthy economy, rapid population growth, developed infrastructure, exceptional workforce, and quality of life the most desirable features. Employers stress that the County must remain conscious of the need to maintain these factors to ensure future economic prosperity. They also believe that economic development efforts should look to support open space preservation and smart growth principles. The proximity to Beale Air Force Base also creates employment opportunities and produces potential benefits for businesses in Placer County that act as suppliers of goods and services to the Federal Government and its employees and offer specialized technology and research and development activities that complement and support the GLOBAL HAWK program.

## APPENDIX

### Appendix

The following table lists some of the major employers of the selected base sectors showing the greatest economic development potential and best-performing local-serving sectors currently located in Placer County.

<i>Base Sector/Employer</i>	<i>City</i>	<i>Local-Serving Sector/Employer</i>	<i>City</i>
Professional, Scientific and Technical Services		Activities Related to Credit Intermediation	
Hewlett-Packard Company	Roseville	American Liberty Mortgage	Roseville
Data Tree LLC	Rocklin	American Pacific Mortgage	Roseville
G & E Landscaping	Roseville	Financial Freedom	Roseville
Intelligent Marketing	Rocklin	Northern Financial Service	Roseville
Loomis Basin Veterinary Clinic	Loomis	Wachovia Small Business	Roseville
Placer Title Company	Rocklin	First Horizon Home Loan	Roseville
Sykes Enterprises	Roseville	Green Point Mortgage Funding	Roseville
Western Engineering Contractors	Loomis	Wells Fargo Home Mortgage	Roseville
EMC Corporation	Roseville	Auburn Community Bank	Roseville
EcoLogic Engineering	Rocklin	Placer Sierra Bank	Auburn
Accommodation		Building Foundation and Exterior Contractors	
Alpine Meadows Ski Resort	Alpine Meadows	B & B Construction	Lincoln
Resort At Squaw Creek	Olympic Valley	Erickson Carpentry Contracting	Roseville
Homewood Mountain Resort	Homewood	Kodiak Roofing & Waterproofing	Loomis
Squaw Valley USA Ski Corporation	Olympic Valley	Madera Construction	Loomis
Sunnyside Resort	Tahoe City	Sonoran Roofing	Rocklin
Granlibakken	Tahoe City	Innovative Steel Erectors	Auburn
River Ranch Restaurant & Lodge	Tahoe City	Thomas L Asher Company	Rocklin
Rocklin Park Hotel	Rocklin	Western Single Ply	Loomis
Squaw Valley Lodge	Olympic Valley	Quixote Corporation	Rocklin
Trendwest Resorts	Roseville	Delta Gunite	Roseville
Federal Government		Clothing and Clothing Accessories Stores	
US Air Force	-	Charmed Expressions	Rocklin
US Postal Service	-	Abercrombie & Fitch	Roseville
US National Guard	-	Old Navy	Roseville
US Social Security Administration	-	Banana Republic	Roseville
US Department of Veteran's Affairs	-	Big 5 Sporting Goods	Roseville
US Department of Agriculture	-	David's Bridal	Roseville
US Coast Guard	-	Express	Roseville
US Department of the Interior	-	Finish Line	Roseville
US Department of Transportation	-	Gap	Roseville
US Department of Commerce	-	GUESS Jeans	Roseville
Merchant Wholesalers, Durable Goods		Building Equipment Contractors	
Ace Hardware Distribution Center	Unincorporated	Bianchi Plumbing	Roseville
TASQ Technology	Rocklin	J R Pierce Plumbing Co.	Rocklin
All Phase Security & Investigations	Roseville	B Z Plumbing Co.	Lincoln
Gladding McBean & Co.	Lincoln	Monarch Plumbing Company	Rocklin
Greenheck Fan Company	Unincorporated	Peck Heating & Air Conditioning	Rocklin
Patterson Dental Company	Rocklin	Brower Mechanical	Rocklin
Performance Polymer Technologies	Roseville	Emard Electric	Loomis
Ray Morgan Company	Rocklin	Ferrari Plumbing	Roseville
Specialty Steel Company	Roseville	Intech Mechanical	Roseville
Cool Touch Corporation	Roseville	Sacramento Cooling Systems	Roseville
Computer and Electronic Product Manufacturing		General Merchandise Stores	
Coherent Inc.	Auburn	J C Penney	Roseville
NEC Electronics	Roseville	Kmart	Rocklin
Northern Video Systems	Rocklin	Mervyn's	Roseville
Pasco Scientific	Roseville	Gottschalks	Auburn
Sierra Logic	Roseville	Kmart	Rocklin
North American Images	Auburn	Big Lots	Roseville
Parallax	Rocklin	Kohl's	Roseville
Kemet Electronics	Auburn	Macy's	Roseville
Mydax	Auburn	Nordstrom	Roseville
Remec Commercial	Roseville	Marshalls	Roseville

Sacramento Regional Research Institute, February 2006

Data Sources: Reference USA and US Office of Personnel Management

Note: Federal Government employment not available.